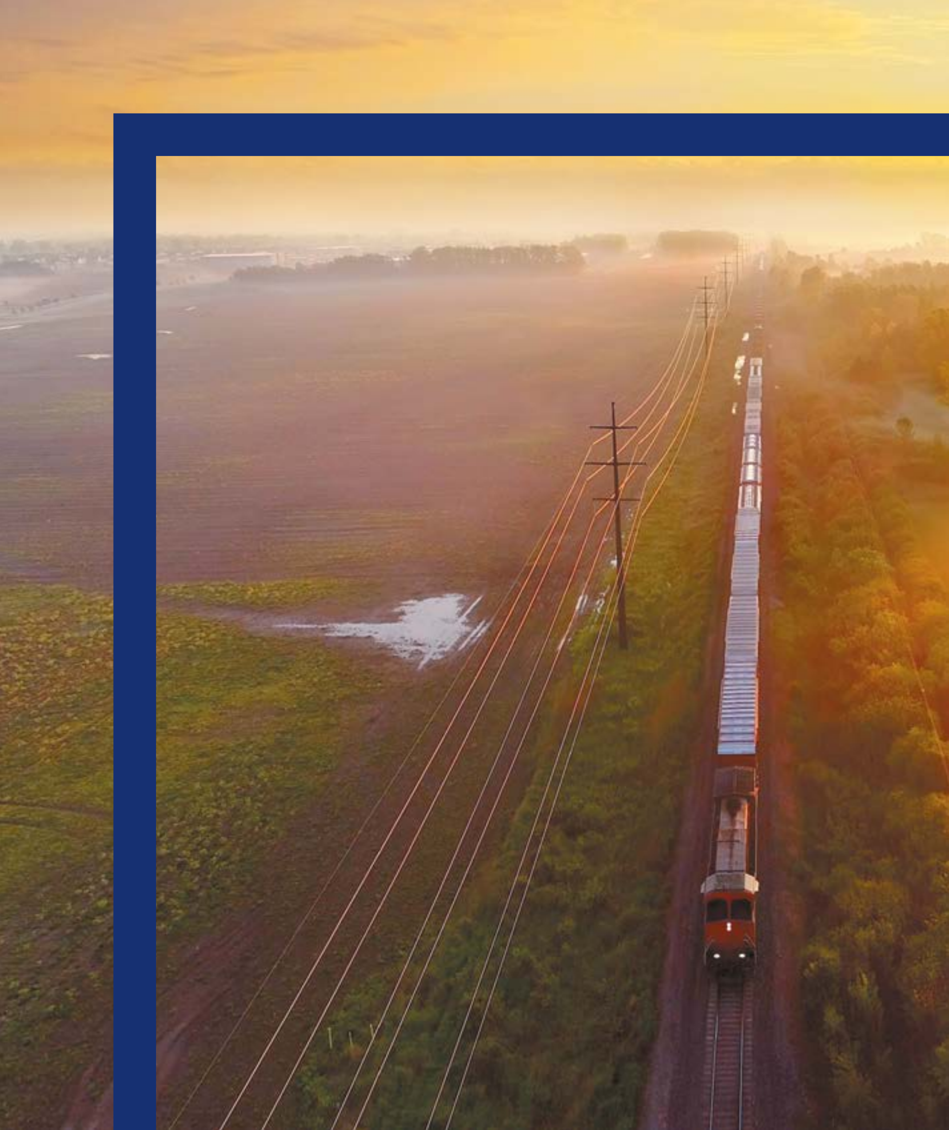




Touax®

HIGHLIGHTS 2019


YOUR LEASING SOLUTION FOR SUSTAINABLE TRANSPORTATION

For 165 years, Touax has been offering tailor-made solutions for leasing and selling transport equipment. With environmentally responsible solutions at the heart of global trade flows, Touax continually adapts to its market and its customers, enabling it to play the role of operator in its own right, agile and outsider.

237
employees

€169 million
of revenues

€1.2 billion
assets under management

76%
recurring leasing revenues

2nd in Europe
on the intermodal market

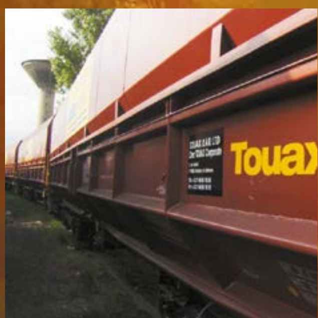
FREIGHT RAILCARS
11,078 platforms (9,574 freight railcars)

1st in Europe
and South America

RIVER BARGES
97 barges

1st in Europe
3rd in the world in asset management

CONTAINERS
434,816 TEU



RAPHAËL **WALEWSKI**
Managing Partner

"By investing on behalf of our customers in freight railcars, river barges and containers, we are helping them to achieve their CO_2 reduction commitments"

Raphaël **Walewski**

FABRICE **WALEWSKI**
Managing Partner

Dear Shareholders, Customers and Partners,

Having successfully shifted its focus to transport equipment leasing in 2018, the Group continued to deploy its continuous improvement programme throughout 2019, increasing profitability and improving customer satisfaction.

The strategy has undoubtedly borne fruit, leading to an improvement in operating performance (a 44% increase in operating income at the end of December 2019, and a positive net profit before tax) along with an increase in investment.

2019 saw our utilisation rate improve for freight railcars (89.5% at the end of December 2019) and stabilise at high levels for containers (95.9% at the end of December 2019) and river barges (85.3% at the end of December 2019). At the same time, our modular buildings activity in Africa improved in profitability and revenue from this business significantly increased. In 2019, the Group also increased its sales and trading activities (up 72% compared to last year) which are complementary to the leasing services.

The Group has increased its financial capabilities, too, thanks to new sources of funding and an increase in assets managed on behalf of investors (more than 1.2 billion euros in assets under management for nearly 1,000 customers).

As we look forward to 2020, we feel confident about the year ahead, for the following reasons: - we are seeing an acceleration in demand from our customers, financial partners, investors and communities to promote environmentally-friendly modes of transportation. By investing on behalf of our customers in freight railcars, river barges and containers, we are helping them to achieve their CO2 reduction commitments; - outsourcing (operational leasing vs. ownership) continues to be favoured by our customers, who are keen to maintain their flexibility. The current situation - with the ongoing health crisis, geopolitical risks and uncertainties surrounding growth - should only reinforce this trend; - thanks to our responsive and competent teams,our international presence, the excellent reputation of the Touax brand, and our unique and combined expertise in intermodal, rail and river transport, we are perfectly placed to offer tailor-made operational leasing solutions, come up with innovations, and best meet the needs of the market.

In 2020, we will focus our efforts on strengthening relationships with our main financial partners in order to increase our investments and assets under management, while helping our customers transition towards more environmentally friendly means of transport, and strengthening the creation of value for our shareholders. With regard to the impact of COVID-19, while we remain extremely vigilant and in crisis management mode, the Group is seeing relatively little impact in the first quarter of 2020, since long-term leasing activities generally tend to be spared during health crises. Utilisation rates in the container activity have remained high, at 96%, and reaching 98% in river barges and around 89% in the railcar business at the end of March 2020. Our activities are resilient, with 76% of our budgeted leasing income under contract for 2020.

"We are ideally positioned to offer tailor-made operational leasing solutions"

Fabrice **Walewski**

We would like to thank our shareholders, our customers, our partners and all the Touax teams for

their loyalty and total commitment to our work.

The Managing Partners

CUSTOMER SATISFACTION AT THE HEART OF OUR CONCERNS

To improve the quality of our services and the satisfaction of our customers, we are deploying a continuous improvement programme, and have set up a new management structure for our fleet of railcars, with results already visible in 2019:

• an increase in utilisation rates, reaching 89.5% at the end of the year;

• 1,396 wagons upgraded to support this rise;

• the introduction of a GPS fleet tracking initiative to optimise their operation.

Similarly, in the Containers business, we have:

• developed a promising trading activity for new and used containers which has produced very encouraging results x2 since 2018;

• extended our range of refrigerated containers; and

• strengthened our commercial presence alongside our customers, particularly through our platform, with additional agents in the three regions, North America, Europe and Asia.

OUR COMMITMENT TO SUSTAINABLE MODES OF TRANSPORT

Our focus is now firmly on sustainable modes of transport, and we actively support our customers to facilitate their transition to environmentally friendly means of transport.

Barges
River transportation is particularly green thanks to its low energy consumption, and its low levels of pollutants and CO2 emissions. It contributes to unclogging roads and helps absorb a large part of freight traffic.

Freight railcars

Touax Rail is delighted to have been chosen as one of the eight projects selected for EU funding in September 2019. These projects will help reduce noise pollution from rail freight in the EU by improving the braking systems of wagons. Quieter and more efficient brakes will result in a better energy performance from the trains themselves, as well as better conditions for those who live near railways.

Nearly 75,000 rail freight cars will be modernised across Europe as part of these eight projects for railcar owners.

INVESTING TO BECOME PROFITABLE AGAIN

Since the end of 2017, the Group has successfully shifted its focus onto the long-term leasing of transport equipment. In 2019, the Group continued to implement this strategy with a focus on continuous improvement and growth:

With new investments

railcars:

upgrading and maintenance investments in order to increase the fleet of leased railcars and improve the platform's profitability (utilisation rate up to 88.7%);

barges:

new investments in Europe with the delivery of three new barges on the Seine and the Rhine;

containers:

investments in new equipment and development of the trading platform for new and used containers.

Thanks to its fundraising activities

• €40 million in disintermediated corporate financing from an infrastructure fund
• supplemented by €10 million of Euro PP bonds.

Allowing for improved profitability

• EBITDA: up 44% to reach almost €37 million

• Positive EBIT of nearly €700,000

FOR SUSTAINABLE GROWTH AND PERFORMANCE

Tuned in to global market trends, Touax pursues a profitable development policy, which relies in particular on a diversified offer, renowned expertise in each of its businesses and a longstanding relationship of trust with its stakeholders. Mindful of environmental issues, the Group places sustainable development at the heart of its innovation policy and the management of its operations.

TOUAX ADVANTAGES

- **A strong global presence**
- **Renowned dominant positions**
- **A long-standing relationship built on trust with our customers and partners**
- **A diversified offer that covers all customers' requirements**
- **Commercial agility**

PRODUCTS
1

FREIGHT RAILCARS

RIVER BARGES

CONTAINERS

PROPOSITION OF VALUE
3

QUALITY OF THE PRODUCT AND THE SERVICE

RELIABILITY

DIVERSIFICATION IN THE MARKETS = BALANCED RISK

76%

Leasing revenues are recurring

OPPORTUNITIES
2

MARKET SIZE
€145 bn supported by constant flows in world trades

THREE LEVERS
1. More economical
2. More ecological
3. More flexible

NEED FOR ANNUAL INVESTMENT
Containers
€7 bn

Railcars
€1 bn

Barges
€450 m

SPECIFIC CHARACTERISTICS OF OUR BUSINESS
4

STANDARDISED ASSETS AND MOBILE EQUIPMENT

ECO-COMPATIBILITY WITH THE FIGHT AGAINST GLOBAL WARMING

LONG-LIFE ASSETS 30-50 YEARS

LONG-TERM CONTRACTS OF 3-6 YEARS

LOW LEVEL OF OBSOLESCENCE OF EQUIPMENT

HIGH RESIDUAL VALUE OF EQUIPMENT

FREIGHT RAILCARS

THE SATISFACTION OF OUR CUSTOMERS IS AT THE VERY HEART OF WHAT WE DO

Touax Rail provides a comprehensive service for leasing, sale and maintenance of freight railcars. The expertise that Touax Rail has in its management of railway maintenance and safety is recognised by our clients. We have been providing these services for long-standing rail operators for several years now.

Touax Rail manages a diversified range of freight railcars: intermodal railcars (containers, swap bodies), car-carrier railcars, coil carriers (steel coils), sliding wall railcars (palletised products), hopper and powder railcars (cement, cereals).

In 2018, the European market for rail freight transport experienced general growth, particularly in the intermodal segment (+1.7% tonnes (tk) combined with a rail transport market share that increased to 17%), the automotive segment (+2.3% tk combined with a rail transport market share of 18%) and that of building materials (+0.9% tk).

These increases are reflected in the increase in our average European utilisation rate to 87.5% in 2019, up +3% compared to last year.

To meet the demand of our customers, we have redesigned our organisation around a "fleet management" service with the aim of improving our service offer, to provide greater responsiveness and efficiency and therefore improve the satisfaction of our customers. Alongside this, and for the same purpose, we have begun to equip our railcars with a GPS system to improve maintenance management and its cost.

11,078
Platforms
(9,574 freight railcars)

2nd
leasing company in Europe, for intermodal railcars

70
railway operators, industrial companies and logistics providers

SPECIFIC CHARACTERISTICS

ISO 9001 - 2015 for the leasing and maintenance of freight railcars

ECM: certified Entity in Charge of Maintenance

OUTLOOK

Touax Rail offers its leasing services in two main areas: in Europe through offices located in Ireland (Western Europe area) complemented by a network of agents covering all of Europe, including the United Kingdom, and in Asia in partnership with a local operator. Given the need for railcar fleet renewal and the demand of our clients, our ambition is to continue our growth based on a process of continuous improvement and by prioritising the satisfaction of our customers.

TOUAX GLOBAL RAIL SERVICES
contact-railcars@touax.com
www.touaxrail.com

RIVER BARGES

AN EXCLUSIVE AND TAILOR-MADE OFFER

With more than 165 years' experience in river transport, Touax River Barges develops innovative and exclusive solutions for leasing and sales of assets for manufacturers and logistics operators across the world's largest river systems. We bring added value by providing a tailor-made service offer.

We offer our customers a full range of expertise in the river transport sector:

- operational leasing of barges;
- trading of barges and push tugs;
- sale and lease back of river fleets;
- technical design and monitoring of construction;
- advice, assistance and technical expertise in river transport;
- management of river transport certificates and administrative documents.

2019 was marked by a demand recovery in Europe supported by long-term infrastructure projects (Greater Paris site, development of biomass power plants and wind farms in the North Sea).

UNIQUE INTERNATIONAL PRESENCE

Touax River Barges has an extensive geographic presence across the world's main river systems:

- **in Europe:** on the Seine, the Rhine, the Main and the Danube which connect France, Germany, Austria, Slovakia, Hungary, Croatia, Serbia, Bulgaria and Romania;
- **in North America:** on the Mississippi, Ohio and Missouri
- **in South America:** on the Paraná-Paraguay river that crosses Brazil, Uruguay, Argentina, Paraguay and Bolivia.

PRESTIGIOUS CUSTOMERS

Logistics operators: NAVROM-TTS, MILLER, RHENUS, P&O MARITIME SERVICES, ATRIA LOGISTICS...
Industrialists: CEMEX, ARCELOR-MITAL, YARA, BUNGE, ADM, TOTAL...

97
barges

1er
Leading operational lessor in Europe and in South America

250,000 tonnes
of freight transport capacity

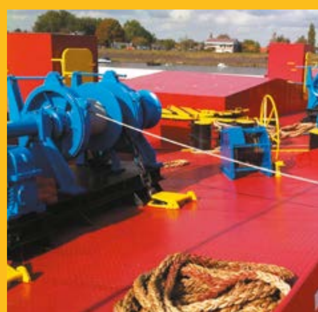
3 times less
CO2 consumption than by road

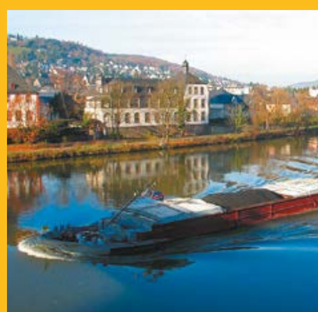
SPECIFIC CHARACTERISTICS

Touax offers turnkey-delivered river assets across its business areas.

OUTLOOK

River transport, besides its environmental and cost benefits, helps to clear road networks (1 convoy of 24 barges in the United States is equal to 2,200 lorries).
In 2020, Touax will continue its selective investments on the Rhine and the Seine





TOUAX RIVER BARGES
contact-riverbarges@touax.com
www.touax-river-barges.com

CONTAINERS

A LEADING BUSINESS PARTNER

Touax Global Container Solutions contributes to the global growth of its customers through value-added solutions for the leasing, sale and trading of new and used containers.
Thanks to the flexibility and proximity of our operational platform, we are a leading business partner for our customers and suppliers.

In 2019, we renewed with growth through investments in new and used containers through Sale & Lease back contracts. We have strengthened our commercial partnership with our customers and expanded our panel of financial partners. We maintained a utilisation rate of over 97% throughout

the year, thanks to the favourable market environment and our long-term contracts representing 85% of our fleet.

We maintained our used container sales volumes thanks to returns by shipping companies of used containers that have reached the age limit for sea transport.

In addition to our long-standing equipment, standard dry containers, we developed trading in refrigerated containers.

Lastly, we consolidated our new and used container trading activity in North and South America, in Europe and in Asia. After 5 years of growth, we are now considered as an important and reliable operator in the trading of containers.

EXPANSION OF SERVICES

In 2020, we will be expanding our range of innovative solutions with formulas for managing fleet sales on behalf of ship-owner clients and the development of containerised products for logistics and storage markets.
We are also going to broaden our range of products through a diversification of rental and sales equipment.

30 years of experience

434,816 containers (TEU) under management

200 depots throughout the world

97 % utilisation rate

+1,000 customers

SPECIFIC CHARACTERISTICS

Leasing, sale and trading
New and used dry and refrigerated containers

OUTLOOK

A FAVOURABLE ENVIRONMENT FOR CONTAINER LESSORS

In 2020, with the need to replace an ageing container fleet and to keep up with the considerable investment required to comply with IMO 2020 standards on their ships, shipping companies will continue to rely on leasing companies for their long-term container needs.

We confirm our objective to invest and renew our fleet.

TOUAX GLOBAL CONTAINER SERVICES
contact-containers @touax.com
www.touax-container.com

ASSET MANAGEMENT

INVESTMENT IN REAL ASSETS MANAGED BY TOUAX

The Touax Group enables qualified and professional investors seeking diversification to invest directly or indirectly in leased transportation assets, offering stable yields.

An investment in real assets has several characteristics for investors:

- diversification with regard to traditional investments (stocks and bonds);
- generally low volatility, as these asset categories are usually less exposed to speculation in the financial markets and benefit from a long leasing term (3-6 years);
- an attractive yield, as yields on financial assets (stocks, bonds) are currently low;
- a stable leasing revenue flow, while maximising a residual value that can be significant;
- potential protection against inflation, with real asset values showing a strong correlation with inflation.

+20 years in the management of real assets on behalf of investors

1.2 billion euros of assets under management at end of December 2019,

of which 733 million euros was for third parties

DIVERSIFIED INVESTORS

Among the current qualified and professional investors are a range of profiles, including family office, wealth managers, insurance companies and financial institutions, foundations, businesses and infrastructure funds.

AN ORGANISATION DEDICATED TO MANAGEMENT FOR THIRD PARTIES

TOUAX has dedicated team of experienced professionals who are there to organize the process and answer any questions investors may have as they review and analyze investment opportunities in containers, railcars and barges. TOUAX's Asset Management team has a solid understanding of the legal, business and technical aspects of the assets, as well as the characteristics of each market and is constantly looking for opportunities to leverage the Group's skills, knowledge and experience.
It also relies on operational divisions and their strong expertise.
It also relies on the operational divisions and their strong expertise.
This includes asset life-cycle management, from negotiations with manufacturers to initial leasing contracts and subsequent renewals and asset disposal to end users at the end of their useful life.

SPECIFIC CHARACTERISTICS

Mobile and standardised asset management with low risk of obsolescence and useful life between 15 and 50 years.

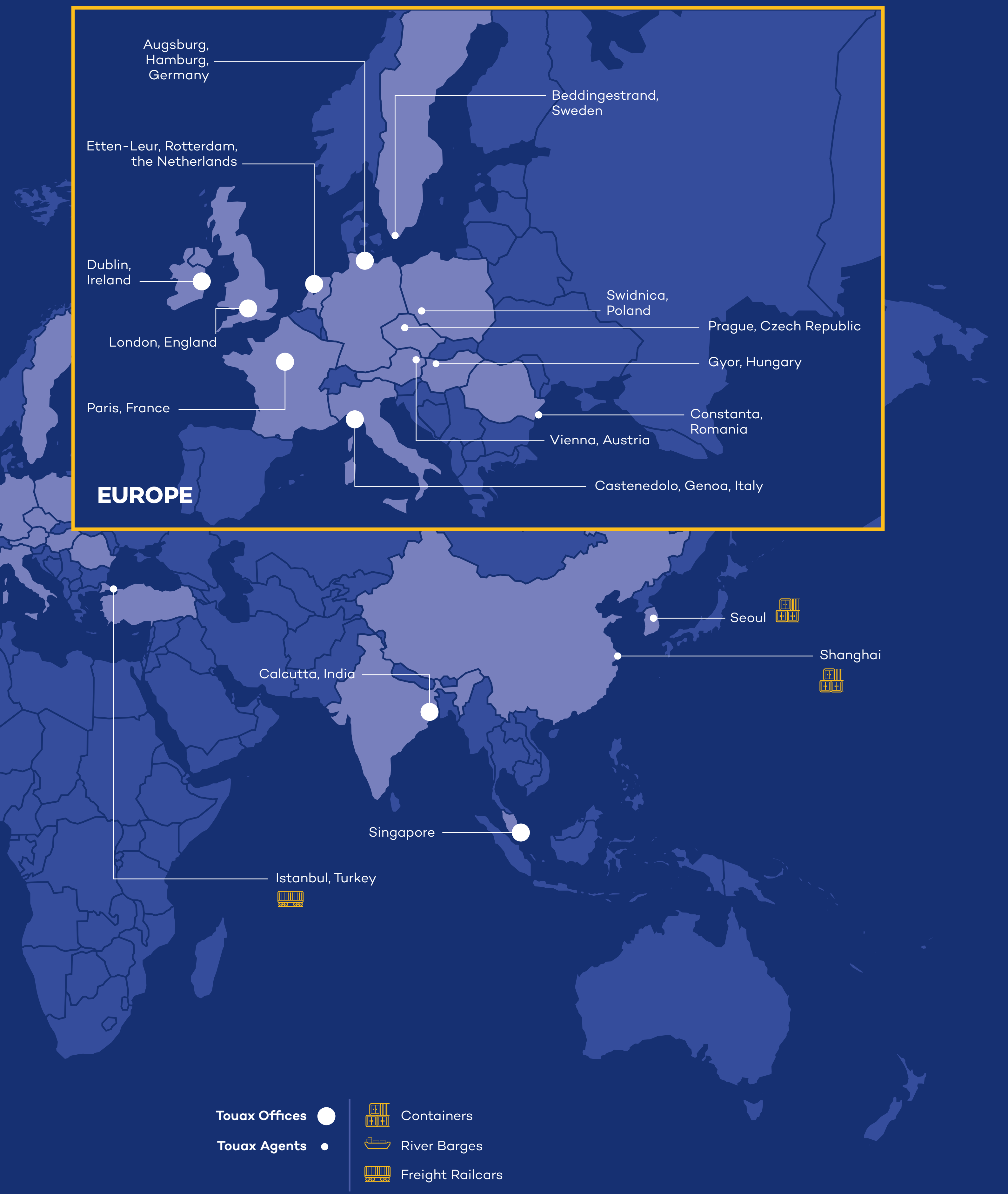
DISCLAIMER

Any investment in real assets presents potential risks associated with the transportation sector, geopolitical issues and the global economy, rental activity and customer credit risk. These risks are identified by Touax and further discussed in the risk factors of the Universal Registration Document.
Any investment involves a high level of risk, and a poor performance may affect the overall return on an investment. It may be possible that an investor does not obtain a return on investment or a return on capital. Moreover, past performance is not a guarantee of future results.

ASSET MANAGEMENT TOUAX GROUP
contact-assetmanagement@touax.com
www.touax.com

AS CLOSE AS POSSIBLE TO OUR CUSTOMERS

Our network is a strength in the international supply chain and our growth is always in step with the uniqueness of our business model: service, responsiveness, integrity, reliability and accountability. **Our objective** is not to be everywhere, but rather to prioritise dynamic and profitable markets and be in closer proximity to our customers.


Augsburg, Hamburg, Germany
Beddingestrand, Sweden
Etten-Leur, Rotterdam, the Netherlands
Dublin, Ireland
Swidnica, Poland
Prague, Czech Republic
London, England
Gyor, Hungary
Paris, France
Constanta, Romania
Vienna, Austria
Castenedolo, Genoa, Italy
EUROPE
Seoul
Shanghai
Calcutta, India
Singapore
Istanbul, Turkey
Touax Offices
Touax Agents
Containers
River Barges
Freight Railcars

A STRUCTURE SPECIFICALLY ADAPTED TO THE PRINCIPLES OF GOOD GOVERNANCE

Touax SCA is a partnership limited by shares under French law. The law and the specific characteristics of its statutes provide for:

- a clear separation of powers between Management, which runs corporate affairs and the Supervisory Board, made up of shareholders responsible for supervising the management and accounts;
- the indefinite responsibility of the general partners, which is testament to the balance that has been established between strong commitment, power and responsibility; and
- assignment to the Supervisory Board of the same powers and rights of communication and investigation as those devolved to the Auditors.

Executive committee

Ensures the effective management and steering of the Group through regular meetings, generally held twice a month. Financial committee meetings of a technical nature are also held among certain members of the committee.

RAPHAËL **WALEWSKI**
Managing Partner

FABRICE **WALEWSKI**
Managing Partner

THIERRY **SCHMIDT DE LA BRÉLIE**
Managing Director– Administration and Finance

TORSTEN **WOLF**
Managing Director Strategy and M&A

STEPHEN **PONAK**
Managing Director Asset Management

MARCO **POGGIO**
Managing Director of the Containers division

JÉRÔME **LE GAVRIAN**
Managing Director of the Freight Railcars division

DIDIER **BACON**
Managing Director of the River Barges division

Supervisory Board

- Alexandre COLONNA WALEWSKI, **Chair**
- Jérôme BETHBEZE **(independent)**
- Marie FILIPPI **(independent)**
- Julie de GERMAY **(independent)**
- Sylvie PERRIN **(independent)**
- François SOULET de BRUGIERE **(independent)**

50% **women**

4 meetings in 2019, **94%** attendance

80% **independent** members

Audit Committee

The Supervisory Board has set up a specialised committee to provide technical and critical support to directors for the monitoring of the company's accounting and financial policy, composed of 3 members:

- Sylvie Perrin **(Chair)**
- Jérôme Bethbeze, **(independent)**
- Alexandre Colonna Walewski

2
meetings in 2019,
100% attendance

Management Board

The company is managed and administered by two Managing Partners, Fabrice et Raphaël Colonna Walewski.

Partners

There are two categories of partner:

- the limited partners: these are the shareholders;
- the general partners: these are Société Holding de Gestion et de Participation and Société Holding de Gestion et de Location two companies belonging to Fabrice and Raphaël COLONNA WALEWSKI respectively.

Since 2015, Touax has chosen to refer to the rules of governance recommended by the Middlenext Governance Code for Small and Midcaps *

The Middlenext Code contains points of vigilance that serve as a reminder of the questions that the Supervisory Board should ask itself in order to promote the sound workings of active governance that is both embodied by and a vehicle for a project adapted to the reality of each company, to give it the means to be competitive and efficient, and based on clear and lasting principles.
It stresses the importance of exemplary duty that should guide shareholders, board members and managers and clarify their role.

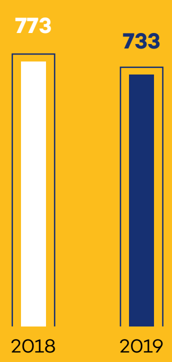
*** In its latest version of September 2016 available on www.middlenext.com**

CHANGES IN THE FLEET OF ASSETS MANAGED
(in € millions)

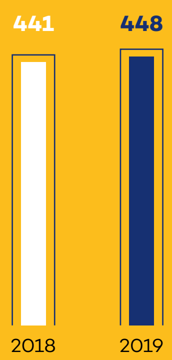
1,181

1,214 versus 2018

Assets owned by investors
(in € millions)



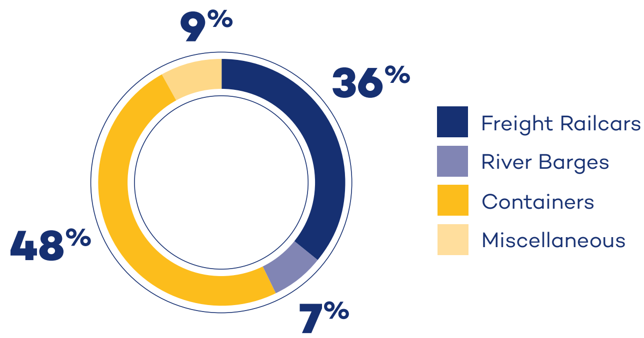
Assets owned by the Group
(in € millions)



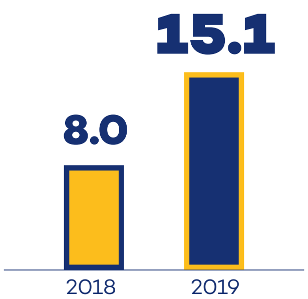
REVENUES FROM ACTIVITIES
(in € millions)

169.0

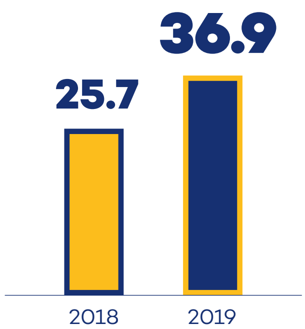
DISTRIBUTION OF REVENUE BY ACTIVITY ON 31 DECEMBER 2019



CURRENT OPERATING INCOME
(in € millions)



EBITDA
(in € millions)



TOTAL BALANCE SHEET AT 31/12/2019
(in € millions)

447

LOAN TO VALUE

54%

52% in 2018

OUR ENVIRONMENTAL APPROACH

TOUAX contributes to the development of alternative forms of transport to road transport with its Freight Railcar, River Barge and Container businesses. A calculator has been established to measure the reduction in CO2 emissions on the http://www.ecotransit.org website.

Our road-using customers were asked to compare their CO2 emissions according to their road-use and tonnes transported. Thanks to the equipment leased by TOUAX, customers can achieve significant reductions in CO2 emissions that they can measure in an efficient way.

AT THE END OF THE LIFE CYCLE

All railcars no longer in use are either sold, or scrapped, then recycled.

Barges are cleaned, dismantled and deconstructed (in other words, broken into pieces) by approved companies. The steel (scrap metal) is resold and melted down in blast furnaces.

Containers are sold on the secondary market for multiple uses (transport, storage, transformation into housing, spare parts, etc.) or recycled, which is easy given the large amount of steel that they are made up of.

237 Employees all over the world

29% of which are in France
19% in Europe (outside France)
44% in Africa
4% in America
4% in Asia

SHAREHOLDERS & INVESTORS

COMPANY FILE

- **ISIN code:** FR0000033003
- **Mnemonic code:** TOUP
- **Listing stock exchange:** NYSE Euronext
- **Market:** Euronext Paris - Compartment C
- **Activity sector:** Transport Services
- **PEA/SRD Eligibility:** Yes/No
- **Indices:** CAC INDUSTRIALS, CAC MID&SMALL, CAC SMALL, ENT PEA-PME 150
- **Share price 2019:**
  - highest = €6.48
  - lowest = €4.03

FIRST LISTING:

7 May 1906

NUMBER OF SHARES:

7 011 547

SHARE PRICE:

€5.30

at 31 December 2019

AGENDA

15 MAY 2020
Revenue from activities 1st quarter 2020

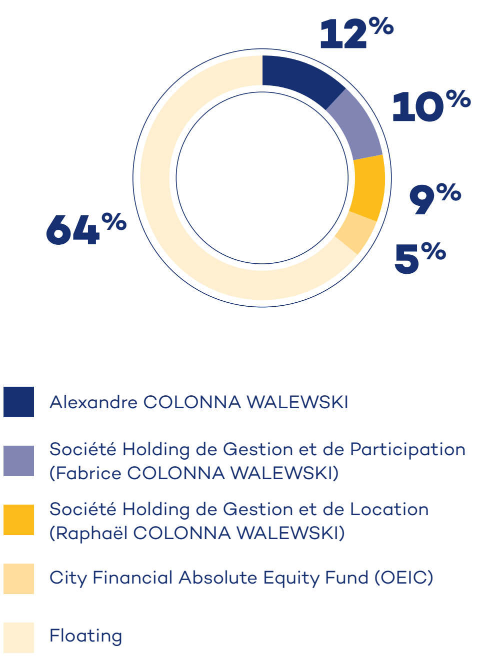
24 JUNE 2020
General Meeting of Shareholders

9 SEPTEMBER 2020
2020 half-yearly results
SFAF Presentation

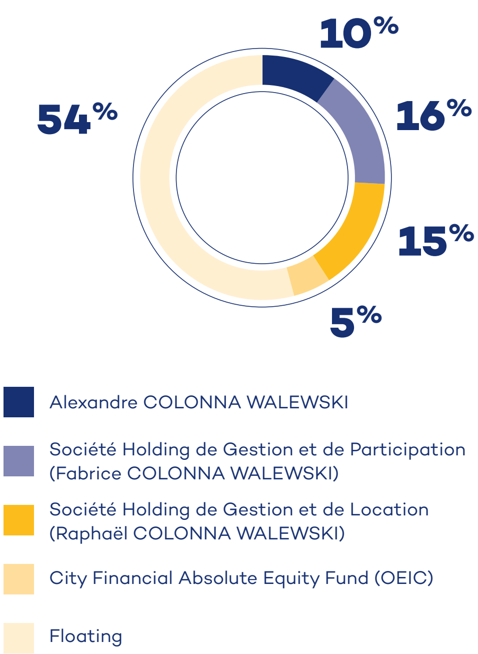
11 SEPTEMBER 2020
Half-year results conference call

13 NOVEMBER 2020
Revenue from activities 3rd quarter 2020

SHAREHOLDING STRUCTURE AT 31/12/2019
(in percentage ownership of capital)



BREAKDOWN OF VOTING RIGHTS AT 31/12/2019
(as a percentage)



ETHICS GUIDELINES

The company has adopted ethics guidelines inspired by the Middlenext anti-corruption Code of conduct (this code refers to the United Nations Convention against corruption and focuses on combating all forms of corruption).

This charter is an integral part of the company's internal regulations and is published on the company website https://www.touax.com/en/documents.

It has been sent to all French employees and has been translated and distributed to all foreign entities.

In particular, the guidelines promote "responsibility towards the environment" and calls on each employee to:

- contribute to the TOUAX environmental initiatives;
- think about their behaviour, in all areas of activity that have an impact on the environment, in order to minimise this whenever possible (number of trips, saving energy, saving water, reducing waste); and
- immediately inform their line manager of any unusual discharge or emission into the ground, air or water.

It helps to make employees aware of discriminatory practices and to prevent this type of behaviour as much as possible, as well as the ethical choice of suppliers.

Finally, it includes several preventive chapters (subject of gifts and invitations, corruption, conflicts of interest …) and gives recommendations for the ethical behavior to adopt in these situations.

PREVENTION CHARTER

Touax has also drawn up a Charter to prevent discrimination in the workplace. Because of the international nature of the Group, our different entities bring together a wide variety of cultures and nationalities. This Charter is our way of making an even stronger commitment to our values when it comes to diversity, and we see it as a key asset , essential for the dynamic growth and evolution of the Touax Group. The diverse origins of our teams stimulate creativity and allow us to better understand our customers. The Charter was sent to all of our employees in French and/ or in English. It contains specific definitions on the concept of discrimination, whether direct or indirect.

It covers the 25 usual grounds of discrimination adopted by the laws that apply to our employees around the world (ethnicity, religion, sex, political opinion, age, disability, etc.), and by extension, includes reminders on the concept of harassment in the workplace.

To reinforce this commitment to diversity, the Charter establishes a formal process for handling complaints related to acts of discrimination or harassment.

These principles are also incorporated into the internal regulations of our legal entities in order to give them all the binding force required for their protection.

TOUAX SCA
(head office)

Tour Franklin
100-101 Terrasse Boieldieu
Paris La Défense (France)
Tel : (+33) 1 46 96 18 00

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contact-riverbarges@touax.com
www.touax-river-barges.com

TOUAX GLOBAL CONTAINER SERVICES

contact-containers@touax.com
www.touax-container.com

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YOUR LEASING SOLUTION FOR SUSTAINABLE TRANSPORTATION

2019 UNIVERSAL REGISTRATION DOCUMENT
Containing the Annual Financial Report

This universal registration document was filed on 30 April 2020 with the AMF, in its capacity as competent authority under Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of this Regulation.

The universal registration document may be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market if it is supplemented by a note relating to securities and if applicable, a summary and any amendments made to the universal registration document. This is all approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

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1. PERSONS RESPONSIBLE, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY

1.1. PERSONS RESPONSIBLE

Fabrice and Raphaël Walewski, Managing Partners

1.2. DECLARATION OF THE PERSONS RESPONSIBLE

« We confirm that we have taken every reasonable measure to ensure that, to the best of our knowledge, the information in this universal registration document gives a true and fair view and does not contain any omission likely to change the scope thereof.

We confirm to the best of our knowledge that the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, financial position and profit or loss of the company as well and all the companies included in its consolidation, and the management report of this document presents a true and fair view of the development and performance of the business, profit or loss and financial position of the company and all the companies included in its consolidation, together with a description of the principal risks and uncertainties that it faces.

30 April 2020

Fabrice et Raphaël WALEWSKI

Managing Partners

1.3. EXPERT STATEMENT OR REPORT

N/A

1.4. CERTIFICATE RELATING TO INFORMATION FROM A THIRD PARTY

N/A

2. STATUTORY AUDITORS

2.1. STATUTORY AUDITOR DETAILS

	Date first appointed	Mandate expiry
Principal Statutory Auditors		
DELOITTE & Associés Represented by Mr. Jean-François VIAT 6, place de la Pyramide 92908 Paris La Défense CEDEX	Appointed at the Ordinary General Meeting on 6 June 2000, renewed at the Ordinary General Meeting on 21 June 2017.	Following the Ordinary General Meeting held in 2023 to approve the 2022 financial statements.
RSM PARIS Represented by Mr. Stéphane MARIE 26 rue Cambacérès 75008 Paris	Appointed by the Ordinary General Meeting held on 9 June 2016.	Following the Ordinary General Meeting held in 2022 to approve the 2021 financial statements.
Substitute Statutory Auditors		
FIDINTER 26 rue Cambacérès 75008 Paris	Appointed by the Ordinary General Meeting held on 9 June 2016.	Following the Ordinary General Meeting held in 2022 to approve the 2021 financial statements.

2.2. CHANGE IN STATUTORY AUDITORS

Not applicable

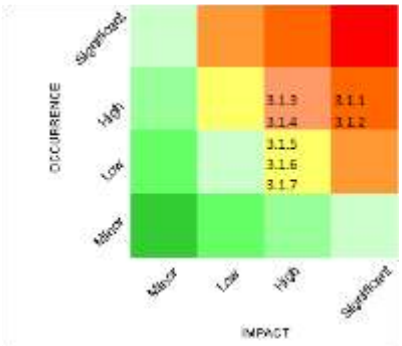
3. RISK FACTORS

TOUAX has carried out a review and a new presentation of its risk factors, taking into account their importance according to the probability of seeing these occur and the estimated level of their negative impact. In this new approach, the number of categories and, where applicable, sub-categories of risks has been reduced with, in each category and sub-category, the most significant risks presented first. The impact of each risk has been clarified. The information has been reduced to include only significant risks specific to Touax (and/or its actions) and which are important for making an investment decision. These risks have been submitted to the Audit Committee.

The risks specific to the activity of Touax, on the date on which the universal registration document was filed, are therefore presented in compliance with article 16 of Regulation (EU) 2017/1129 called "Prospectus 3" of 14 June 2017, whose provisions relative to risk factors came into force on 21 July 2019, under 6 principal categories:

1. risks linked to our equipment;
2. risks linked to dependence on our partners;
3. risks linked to the geopolitical, international and global context;
4. legal and regulatory risks;
5. financial risks;
6. risks linked to Covid-19.

3.1. RISKS LINKED TO OUR EQUIPMENT



3.1.1. Leasing prices for our equipment are closely correlated to purchase prices of new equipment and therefore, sustained reduction in the purchase prices of new equipment creates a risk

When there is a decrease in new equipment purchase prices, leasing rates for older equipment subject to a leasing contract are also expected to decrease as well as the sales prices for second-hand equipment. While leasing rates in the shipping container division had generally followed a downward trend in past years, linked primarily to a decline in steel prices and a resulting decline in the purchase price of new shipping containers, these have been increasing since 2017. In addition, lower interest rates may make it more attractive for companies to buy containers rather than lease it. The reduction in the purchase price of new equipment resulting in the drop in leasing rates or resale value for all equipment could harm our business, our operating results and financial situation, even if this sustained reduction in price also allows us to purchase new equipment at a lower cost. Since 2017, an increase in the purchase prices generated by a rise in the prices of raw materials and in particular of steel has been observed and has been accompanied by an increase in the leasing rates and selling prices of second-hand equipment.

We cannot predict whether these trends will continue in the medium term.

3.1.2. Gains and losses associated with the sale of used equipment may fluctuate

In addition to our purchase of new equipment, we also purchase used containers for resale from our customers and other sellers with a view to reselling them. If the supply of equipment becomes limited because these sellers develop other means for disposing of their equipment, develop their own sales network or simply continue using such equipment for a longer period of time, we may not be able to purchase the inventory necessary to meet our goals, and our sales of equipment revenue and our profitability could be negatively impacted.

We regularly sell used, older containers upon lease expiration. The residual value of these containers therefore affects our profitability. The volatility of the residual value of containers may be significant. This value depends upon factors that are beyond our control such as raw steel prices, applicable maintenance standards, refurbishment needs, comparable new container costs, used container availability, used container demand, inflation rates, market conditions, materials and labour costs and container obsolescence and damages.

Containers are typically sold after taking into consideration earnings prospects, book value, remaining useful life, repair condition, suitability for leasing or other uses and the prevailing local sales price for containers. Gains or losses linked to the disposal of used containers and the commissions earned on the disposal of managed containers may fluctuate significantly, and these fluctuations could have a significant impact on our business if we sell large quantities of used containers.

The market value of any given piece of leasing equipment could be less than its depreciated value at the time it is sold. The market value of used leasing equipment depends on several factors, including:

- • the market price for new equipment of a like kind;
- • the age of the equipment at the time it is sold, as well as wear and tear on the equipment relative to its age;
- • the supply of used equipment on the market;
- • technological advances relating to the equipment;
- • worldwide and domestic demand for used equipment; and
- • general economic conditions.

We include in our revenues the sales price of equipment sold, as well as the difference between the sales price and the depreciated value of an item of equipment sold. Changes in depreciation policies could change our depreciation expense, as well as the gain or loss realized upon disposal of equipment. Sales of used leasing equipment at prices that are significantly below our projections or in lesser quantities than we anticipate, will have a negative impact on our revenues, operating results and cash flows.

3.1.3. We may incur significant expenses in connection with under-used equipment in stock, particularly storage costs, and we may not be able to successfully store this equipment in a cost-effective way to meet demand

In the ordinary course of business of each of our three divisions, a portion of our equipment fleet is unused at any given moment. If we are unable to lease or sell equipment in a timely fashion, the size of our unused fleet may increase, which may generate storage and maintenance costs in view of their leasing that are significant and may not be able to be passed through to our customers through higher rents or sales prices. If such equipment remains unused for an extended period of time, it could fall into disrepair and/or any certificate or authorization required to operate such equipment could expire or be revoked. The result of either of those events would be the partial or total loss of such equipment's residual value. If demand picks up for a particular asset class and we are unable to mobilize the equipment we have in stock in a timely fashion or if we are forced to write off all or a part of our inventory, we may lose market share to our competitors who are able to meet customers' needs more rapidly. The occurrence of any of these events could adversely affect our business, financial situation, operating results and cash flows.

3.1.4. We own a significant amount of equipment in our fleet and it faces a number of ownership-linked risks. The increase in our own-owned fleet has led to an increase in our debt

Ownership of equipment entails greater risk than management of equipment for third-party investors. The amount of equipment in our owned fleet fluctuates over time as we purchase new equipment, sell used equipment into the secondary resale market, and acquire other fleets. In terms of gross book value, as of 31 December 2019, we owned 68% of our fleet of freight railcars and 11% of our total fleet of shipping containers. Generally, the increase in the number of owned equipment rises accordingly our ownership risk, which may result in increased exposure to financing costs and risks, litigation risks, as well as risks linked to changes in rates, re-leasing risks, changes in utilisation rates, lessee defaults, repositioning costs, depreciation charges and changes in sales price upon disposition of containers. Additionally, the various additional costs associated with overcapacity such as the occurrence of additional storage and maintenance costs, as well as equipment degradation and partial or total loss of its residual value, could harm our business, operating results and financial situation.

Conversely, when we manage equipment for third-party investors, most of these risks are assumed by the third-party investors.

As our ownership of equipment in our fleet grows, we will likely have more capital at risk and may need to maintain higher debt balances. We will be leveraged after giving effect to the financing and additional borrowings may not be available to us or we may not be able to refinance our existing indebtedness, if necessary, on commercially reasonable terms or at all. We may need to raise additional debt or equity capital in order to fund our business, expand our sales activities or respond to competitive pressures. We may not have access to the capital resources we desire or need to fund our business or may not have access to financing on attractive terms. An inability to acquire additional assets would have an adverse impact on our business, operating results and financial situation.

3.1.5. Failure to properly design, manufacture, repair and maintain our equipment may result in impairment charges and potential litigation

We do not design or manufacture the equipment we lease in our Freight Railcars, River Barges and Shipping Container divisions. However, the repair and maintenance of our equipment and the equipment that we manage for third-party investors, exposes us to similar risks in relation to personal injury, property damage claims, contract performance or potential litigation among others.

We design and manufacture modular buildings in our factory in Morocco. If we do not appropriately manage the design or manufacture of our modules, we will incur capital charges or expenses to rectify the faults. These risks may also have a significant adverse effect on our future business, operating results, financial situation and cash flows.

3.1.6. We could be held liable for damages caused by the equipment that we lease or sell

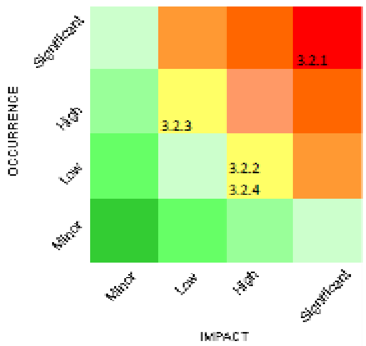
The nature of our businesses and our assets potentially exposes us to significant personal injury and equipment damage claims and litigation. For example, our customers may use our equipment to transport hazardous materials, and an accident involving a shipping container, freight railcar or river barge carrying such materials could lead to litigation and subject us significant liability, particularly where the accident involves serious personal injuries or the loss of life. In some countries, particularly the United States, shipping container owners may be liable for any environmental damage caused as containers are unloaded. Our failure to maintain our equipment in compliance with governmental regulations and industry rules could also expose us to personal injury, property damage, and environmental claims. Moreover, a substantial adverse judgement against us could have a significant effect on our financial situation, operating results and cash flows.

We obtain warranties from the manufacturers of our equipment. When defects in equipment occur, we work with the manufacturers to identify and rectify the problem. However, there is no assurance that manufacturers will be willing or able to honour their warranty obligations. If defects are discovered in equipment that is not covered by manufacturer warranties, we could be required to spend significant sums of money to repair the containers, the useful lives of the equipment could be shortened and the value of the assets reduced. In addition, if equipment manufacturers do not honour warranties covering these failures, or if the failures occur after the warranty period expires, we could be required to expend significant amounts of money to repair or sell equipment earlier than expected. This could have a significant adverse effect on our operating results and financial situation.

3.1.7. Certain liens may arise on our equipment in the ordinary course of our business

Sometimes, depot operators, repairmen and transporters may have a right of retention on our equipment from time to time and have sums due to them from the lessees or sub-lessees of the equipment. In the event of non-payment of those charges by the lessees or sub-lessees, we may be delayed in, or entirely barred from, repossessing the equipment, or be required to make payments or incur expenses to discharge liens on our equipment, which could have a significant adverse effect on our activity, financial situation, operating results and cash flows.

3.2. RISKS LINKED TO DEPENDENCE ON OUR PARTNERS



3.2.1. We are dependent on the level of demand from our customers to lease or buy our equipment

We are reliant on customer demand for the freight railcars, river barges and shipping containers that we lease or sell as well as for the modular buildings that we sell from Morocco. Customer demand for our products and services is subject to change based on numerous factors, including factors that are beyond our control, such as changes in harvest or production volumes, changes in supply chains, the choice of a different transport type, availability of substitutes, the development or postponement of infrastructure projects and other operational needs.

Cash flows generated from our equipment, which are principally derived from lease rentals, management fees and proceeds from the sale of our owned equipment, are affected significantly by our ability to collect payments under leases and other arrangements for the use of our equipment and our ability to replace cash flows from terminating leases by re-leasing or selling equipment on favourable terms. When we purchase newly manufactured equipment, we typically lease it out under long-term leases (typically between two and ten years for freight railcars and river barges and between three and five years for shipping containers), at a lease rate that is correlated to the price paid for the asset. As these assets are not initially leased out for their full economic life, we face risks associated with re-leasing them after their initial long-term lease at a rate that continues to provide a reasonable economic return based on the initial purchase price of the asset. If prevailing asset lease rates decline significantly between the time the asset is initially leased out and when its initial long-term lease expires, or if overall demand for these assets declines, we may be unable to derive the expected return on our investment in our equipment through the re-leasing of equipment when the initial long-term lease on such equipment expires.

Other general factors affecting demand for equipment, including the utilization rates of our rental fleet, include the following:
- available supply and prices of new and used equipment;
- economic conditions and competitive pressures in our customers industry;
- shifting trends and patterns of cargo traffic;
- the availability and terms of equipment financing;
- fluctuations in interest rates and foreign currency values;
- overcapacity or under-capacity of equipment manufacturers;
- the lead times required to purchase equipment, which may vary significantly and affect our ability to meet customer demand;
- the amount of equipment purchased by our competitors and equipment lessees own themselves;
- equipment fleet overcapacity or under-capacity;
- the choice of a shipping company or logistics company to reposition its unused containers or railcars in higher-demand locations in lieu of leasing containers or railcars to meet this demand;
- consolidation or decrease in the number of equipment lessees in the shipping container, freight railcar and river barge industry; and
- natural disasters or health crises that are severe enough to affect local and global economies.

In our Freight Railcar, River Barges and Shipping Container divisions, where we derive the majority of our business from equipment leasing, our business model can be affected by a customer's decision to simply buy equipment rather than to lease it outright. A customer's decision to lease or buy assets can be affected by a variety of factors, such as tax and accounting considerations, prevailing interest rates and the customer's capital expenditure and other financial or operational flexibility.

All of these factors are inherently unpredictable and beyond our control. These factors vary over time, often quickly and unpredictably, and any change in one or more of these factors may have a significant adverse effect on our business, financial situation, operating results and cash flows.

3.2.2. If, due to a misjudgement of demand for our equipment or a cancellation of a customer contract, we are unable to lease or sell new equipment shortly after we purchase it

We purchase new equipment in the ordinary course of our negotiating activities. In addition, in our Shipping Containers division in particular, we purchase new equipment for our fleet to meet expected increases in customer demand. Because of the dynamics of the shipping container industry and the relatively short lead time with which customers expect to be able to take delivery of a container once they have signed a sales agreement, we seek to have a supply of new containers available for immediate requests. We monitor the price of containers in order to purchase new containers opportunistically when prices are low. The price of containers depends largely on the price of steel, which is the major component used in their manufacture. The price at which we lease our containers is strongly correlated with the price at which we have purchased the containers, in order to optimise the return on our investment. The lead time between the moment we place our purchase order for new equipment with a manufacturer and when we receive such equipment depends on numerous factors beyond our control. If, in the meantime, prices fall further and customers manage to get containers at a lower price, we may not be able to sell the containers we reserved for future demand at a price that would allow us to obtain the expected return. Such a decline in new container prices, or our inability to sell our reserved containers could harm our business, operating results and financial situation.

In relation to our leasing activity, we do not purchase new equipment for use in our Freight Railcar, River Barge and Container divisions unless we have signed a lease agreement with a customer. It is common practice to apply a longer period between the signing of a lease agreement and the delivery of the equipment when it is new. Despite this sourcing policy, we are nevertheless still at risk of having excess new inventory if a customer rescinds its agreement after we have made an irrevocable order for the new equipment or have taken delivery of such equipment. Furthermore, if market practices change and our customers demand significantly shorter lead times for the procurement of new equipment, we may have to change our sourcing policy and invest in new equipment without having corresponding leases signed in anticipation of such an investment. A mismatch between our equipment supply and demand that causes an increase in our non-leased inventory could harm our business, operating results and financial situation.

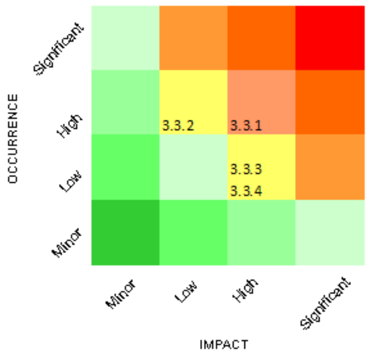
3.2.3. Our Shipping Container and Freight Railcar customers may choose to own their equipment rather than lease it

Our Shipping Container and Freight Railcar divisions depend primarily on our activity as a lessor of equipment to shipping companies and railway and logistics companies. These customers tend to have sizeable fleets of equipment that they own themselves, which limits the potential we have to lease our equipment to them. We believe that there is a trend towards increased leasing in both the shipping and rail freight transport industries, but we cannot assure you that this trend will continue. A decrease in the marginal cost of shipping containers or freight railcars, which could be caused by oversupply by manufacturers or a drop in the price of steel, which is the primary raw material used in container and railcar construction, would make it less costly for companies to own such equipment outright and may encourage them to select ownership over leasing. Further, consolidation of our customers in these divisions could create economies of scale and efficiencies which would make it more attractive for them to buy equipment or to vertically integrate and manufacture equipment themselves. The decrease in demand for our products and services resulting from the substitution of ownership for leasing in these markets would have an adverse impact on our business, results of operation and financial situation.

3.2.4. We face risks related to our management of a substantial portion of our freight railcar and shipping container fleets on behalf of third-party investors

We manage a significant portion of freight railcars and shipping containers on behalf of third parties. As of 31 December 2019, 62% of our fleet of freight railcars and shipping containers under management (in terms of gross book value) were owned by third-party investors for whom we provided asset management services. We primarily seek out third-party investors to share the risks and rewards of equipment ownership, thus reducing our reliance on capital expenditure in order to grow our business. Asset management is a key part of our financing and business strategy going forward, and an inability to attract further investors could significantly and adversely affect our business. Management contracts govern the relationship between each of our investors and our Group. Although we do not guarantee any minimum returns on an investor's investment, an investor may terminate a management contract in specific circumstances, such as our significant non-performance of our contractual obligations, our bankruptcy or winding up, our failure to pay revenues that we have collected and that are owing to the investors or a change in our majority shareholder. Our management contracts do not represent joint ventures and we do not act as partners with investors.

3.3. RISKS LINKED TO THE GEOPOLITICAL, INTERNATIONAL AND GLOBAL CONTEXT



3.3.1. The international nature of the industries where we operate exposes us to numerous risks

For the financial year to 31 December 2019, we generated 98% of our revenues outside France through transactions in numerous countries and across five continents. Our presence in many countries and our day-to-day international operations mean we bear the risks associated with these, and weigh heavily on our operations abroad and our international strategy.

For instance, we are subject to constantly changing and complex laws and regulations which govern, among other things, employment, health and safety, financial reporting standards, corporate governance, tax, trade regulations, export controls, and competitive practices in each jurisdiction where we conduct our activity. We are also required to obtain permits and other authorisations or licences from governmental authorities for some of our operations and must protect our intellectual property worldwide. Furthermore, we need to comply with various local standards and practices of different regulatory, tax, judicial and administrative bodies, specific to each jurisdiction in which we operate.

There are multiple risks associated with the global nature of our activity, including political and economic instability, geopolitical regional conflicts, terrorist attacks, threat of war, political unrest, civil strife, acts of war, public corruption, epidemics and pandemics, as well as other economic or political uncertainties which could interrupt and negatively affect our business operations. Depending upon the severity, scope, and duration of these conditions or events, our financial position, operating results, and cash flows could be adversely affected. Any of these events may affect our employees, reputation, activity or financial results as well as our ability to meet our objectives.

These include the following business risks:
- negative economic developments in economies around the world;
- sudden changes in foreign currency exchange controls;
- discriminatory or conflicting tax policies;
- epidemics and pandemics, which may adversely affect our workforce and suppliers, and affect international transportation;
- • adverse changes in governmental policies, especially those affecting trade and investment;
- legislation or regulatory measures to enhance the safety of shipping containers, freight railcars and river barges against acts of terrorism that would affect the construction or operation of our assets; and debts or losses caused by acts of terrorism to our assets;
- inflation, recession, fluctuations in foreign currency exchange and interest rates, restrictive fiscal policies and transfer restrictions;
- threats that our operations or property could be subject to nationalisation and expropriation;
- difficulties enforcing contractual rights or foreclosing to obtain the return of our assets in certain jurisdictions;
- bad debts and longer collection cycles in some foreign countries;
- ineffective or delayed implementation of appropriate controls, policies, and processes across our diverse operations and for our employees; and

- nationalisation of properties by foreign governments, and imposition of additional or new tariffs, quotas, trade barriers, and similar restrictions on our international operations.

We may not be in full compliance at all times with the laws and regulations to which we are subject. Likewise, we may not have obtained or may not be able to obtain the permits and other authorizations or licenses that we need. We are also reliant on local managers to oversee the day-to-day functioning of our sites and to ensure their compliance with local laws, and, as a consequence, we may be subject to risk based on insufficient oversight.

In such cases, or if any of these international business risks were to materialize or exacerbate, we could be fined or otherwise sanctioned by regulators, which could adversely affect our activity, financial situation and operating results.

3.3.2. Any deceleration or reversal of the global economic recovery may have a significant negative impact on our business

Our financial performance depends on the level of demand for the assets we lease, which is equally dependent on the underlying markets for our customers' products and services and the strength and growth of their businesses. Some of our customers operate in cyclical end-markets, such as the steel, chemical, agricultural and construction industries, which are susceptible to macroeconomic downturns and may experience significant changes in demand over time. We may not be able to predict the timing, extent or duration of the activity cycles in the markets in which we or our key customers operate. Each of these sectors is influenced by the state of the general global economy as well as by a number of more specific factors. A decline or slowed growth in any of these sectors in the markets or geographic regions where we operate and in other parts of the world may harm the leasing activity of some of our equipment, due to the lease of this not being renewed at the end of a lease term or being terminated as a result of a customer bankruptcy or default, which may have significant adverse effects on our business, operating results and financial situation.

Demand for freight railcars, river barges and containers is linked to changes in traffic resulting from freight and goods transportation, as well as the total traffic generated by transport. Fluctuations depend on the level of global economic growth and of international trade. Economic downturns in one or more countries or regions, particularly in Europe, the United States, China and other consumer-oriented economies, or the establishment of customs barriers could result in a reduction in world trade growth and in the demand for our freight railcars, river barges and shipping containers. In addition, most of the investment programs into which we sell leased equipment portfolios (in particular freight railcars and shipping containers) employ a certain amount of debt in order to increase investor equity returns. Tighter credit markets make it more difficult for third-party investors wishing to access financing for future investment programs, which increases syndication risk and the probability that we may not be able to sell assets within investor programs in the future.

Failure to find investors to finance our equipment could have a significant adverse effect on our revenues, net income and cash flows, which would limit the level of growth in our operating fleet that we might otherwise be able to attain.

Our Freight Railcar activity mainly targets European clients. In 2019, the European and global economy continued to recover. We have seen a rise in leasing rates but not for all activities. If these adverse economic conditions persist they could have a significant negative impact on our activity, operating results, cash flows and financial situation.

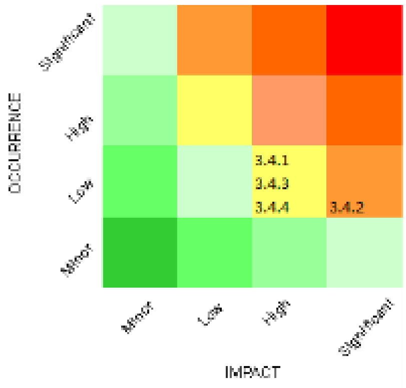
3.3.3. The departure of the United Kingdom of Great Britain and Northern Ireland from the European Union could have a negative impact on our activities

With the ratification of the Withdrawal Agreement, the United Kingdom left the European Union in a prescribed manner at midnight on 31 January 2020, and European Union law will cease to apply to the United Kingdom at the end of the transition period scheduled to last until 31 December 2020. The departure of the United Kingdom from the European Union still presents uncertainties. The departure terms are still unknown and the economic impacts for the European Union and the United Kingdom are uncertain. Several scenarios remain possible with very different consequences. For example, it is likely that growth in the United Kingdom will be strongly affected for many years by this departure. It is also possible that the growth of the European Union decreases with more restrictive trade with the United Kingdom. The United Kingdom's relations with the rest of the world will also be put under duress as the United Kingdom re-establishes agreements with all the countries with which it trades. The decline in trade between the United Kingdom and the European Union, between the United Kingdom and the rest of the world and the decline in domestic consumption within the United Kingdom may have a negative impact on our activity and our financial situation. Uncertainty regarding future demand for our products in the United Kingdom, in the European union and worldwide could cause us to maintain excess equipment stocks and increase our capital expenditures beyond that which is necessary. In addition, the economic consequences of the departure of the United Kingdom from the European Union could generate volatility in the exchange rate of the British pound. This volatility could have a negative impact on our activity, financial situation, operating results and cash flow. Also, as part of our strategic business plans, we constantly have to make decisions with respect to the type, model and technical characteristics of the equipment that we purchase. We must make these decisions based on present demand and our forecasts for future demand. A fall in demand can lead to lower profitability given the long life of these assets. We cannot guarantee that our strategic investment decisions based on our forecasts of demand will prove to be wise and that we will be able to apply our asset utilisation optimisation strategy entirely or in accordance with our plans, which could lead to a negative impact on our activity, financial situation, operating results and cash flow.

3.3.4. We rely on title registries to evidence ownership of our assets. Failure to properly register or the lack of an international registry increases the risk of ownership disputes

There is no internationally recognised system of recording or filing to evidence our title to the types of equipment that we lease nor is there an internationally recognised system for filing security interests in the types of equipment that we lease. Although we have not experienced significant problems with respect to this lack of internationally recognised system in the past, the lack of an international title recording system with respect to containers could result in disputes with lessees, end-users, or third parties who may improperly claim ownership of the containers. Likewise, we may be subject to ownership disputes derived from unenforceable, voidable or void registration of our equipment due to our lack of compliance with the required formalities. Failure to correctly record our properties in the appropriate registry could result in arbitration proceedings, litigation or ownership disputes, which could have a significant adverse effect on our activity, operating results and financial situation.

3.4. LEGAL AND REGULATORY RISKS



3.4.1. We operate in many jurisdictions with highly complex and variable tax regimes, and any changes to tax rules and tax audits could have some effects

We conduct business around the world and are therefore subject to highly complex and often divergent tax laws and regulations, resulting in very challenging structuring and operational issues. The modification of tax regulations could have an impact on our financial results. The tax rates to which we are subject are variable. Our effective tax rate in any jurisdiction may depend on changes in our level of operating profit or in the applicable rate of taxation there, as well as on changes in estimated tax provisions due to new events. We currently have tax benefits in certain jurisdictions. These benefits may not be available in the future due to changes in relevant local tax regulations, which could cause our effective tax rate to increase and may result in an adverse effect on our activity, financial situation and operating results.

In addition to tax losses carried forward, uncertainties may also result from disputes with local tax authorities about the transfer pricing of internal deliveries of goods and services or related to financing, acquisitions and disposals, the use of tax credits and permanent establishments. These uncertainties may have a significant impact on our local tax results. We also have various tax assets as a result of tax losses in certain legal entities. Tax authorities may challenge these tax assets. In addition, the value of the tax assets resulting from tax losses carried forward depends on our having sufficient taxable profits in the future. Although we believe that we have conducted our business in compliance with tax laws, if local authorities or an administrative court decide we have not been tax compliant, we can be subject to significant liability. Any or all of these tax issues could have an adverse effect on our activity, financial situation and operating results.

3.4.2.Our River Barges division is subject to the *Jones Act*

Our River Barges division competes principally in markets subject to the *Jones Act,* a U.S. federal cabotage law that allows domestic marine transportation in the United States only to vessels built and registered in the United States, and manned and owned by United States citizens. We believe we comply with the requirements of the Jones Act. However, a change in interpretation of the *Jones Act* or a change in cabotage law could have a significant adverse effect on our River Barges division in the United States. The requirements that our vessels be built in the United States and manned by United States citizens, the provisions relating to the crewing and equipment of the United States Coast Guard, as well as the application of United States labour and tax laws, increase the cost of United States flag vessels when compared with comparable foreign flag vessels.

3.4.3. Litigation to enforce our leases and recover our equipment has inherent uncertainties that are increased by the location of our equipment in jurisdictions that have less developed legal systems

Our ability to enforce lessees' obligations will be subject to applicable laws in the jurisdiction in which enforcement is sought. As our shipping containers and river barges are predominantly located on international waterways, it is impossible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. For example, repossession from defaulting lessees may be difficult and more expensive in jurisdictions in which laws do not confer the same security interests and rights to creditors and lessors as those in the European Union and the United States, and in jurisdictions where recovery of containers from defaulting lessees is more cumbersome. As a result, the relative success and expedience of enforcement proceedings with respect to shipping containers and river barges in various jurisdictions cannot be predicted. Similarly, freight railcars can make journeys across several countries, which can make it difficult to predict with certainty which jurisdiction will initiate the enforcement procedures. Inability to enforce our lessees' obligations could have significant adverse effects on our activity, operating results, financial situation and cash flows.

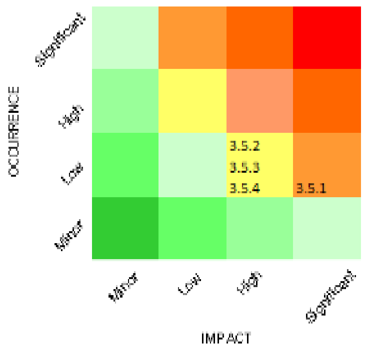
3.4.4. We may be affected by climate change or market or regulatory responses to climate change

Climate change could affect us, as well as our customers, who transport goods using the barges, containers and railcars that we make available to them, and our suppliers, who produce our products and who may emit greenhouse gases during the production process. Our Shipping Containers division is particularly dependent on world trade. Any impact of climate change on world trade would have an impact on our activities. For example, a rise in temperatures could make new trade routes accessible near the North Pole, which would reduce the number of containers required for trade between Asia and Europe, and thus would negatively impact the demand for our products and services. Extreme weather conditions or natural disasters related to climate change could also have an impact on our activity, particularly in the River Barges division, where navigation can be disrupted due to drought, flooding or freezing conditions. Reduction in demand due to climate change could have an adverse effect on our activity, operating results and financial situation.

Changes to laws, rules and regulations, or actions by authorities under existing laws, rules or regulations, to address greenhouse gas emissions and climate change could negatively impact our customers and our activity. For example, freight railcars and river barges that are used to carry fossil fuels, such as coal, could see reduced demand if new government regulations mandate a reduction in fossil fuel consumption. Potential consequences of laws, rules or regulations addressing climate change could have an adverse effect on our financial situation, operating results and cash flows.

Climate change is also discussed in the report on social and environmental responsibility, in section (v) page 185 of paragraph 22.2.

3.5. Financial risks



3.5.1. Liquidity risk

The TOUAX Group's top priorities for managing its liquidity risk are to ensure financial continuity, meet their due dates, and optimise the cost of debt. The Group has carried out a specific review of its liquidity risk, and considers it is able to meet its commitments at the future due dates.

Liquidity risk management is assessed according to the Group's requirements set forth in the notes to the consolidated financial statements note 34.3. The list of principal borrowing containing specific clauses and commitments is mentioned in note 25.3 and note 33 of the notes to the consolidated financial statements.

3.5.2. Interest rate and currency risks

The TOUAX Group relies on different types of loans both for its development requirements and its investment policy. A large share of these loans apply a variable interest rate. The latter thus represent the main part of the potential rate risk borne by the Group. In fact, variable rate loans, which, after taking into account hedging instruments, represent 21.1% of the Group's outstanding debt and have enabled the Group to benefit from the negative Euro rate environment. On the other hand, a return to a positive level of the reference rates (EURIBOR, LIBOR ...) would lead to an increase in the financial expenses related to the variable rate debts as well as the costs for the refinancing of the current debts and the issuance of new loans. In addition, given the TOUAX Group's debt, an increase in interest rates would have a negative impact on cash flows.

Interest rate risk management is described in the notes to the consolidated financial statements on note 34.4 page 117.

The TOUAX Group has a strong international presence and is therefore naturally exposed to fluctuations in currencies. The consolidated financial results are recorded in euros; if the Group records sales or revenues in other currencies, the conversion of these revenues into euros may give rise to large variations in the amount of such sales and revenues. Information on currency risk and its management is provided in note 34.5 of the notes to the consolidated financial statements, page 118.

For accounting purposes, the assets and liabilities of our foreign operations, where the local currency is the functional currency, are converted at the exchange rates prevailing at the end of the year and revenues and expenses of our foreign operations are converted at average exchange rates for each year. Accounting impacts may exist for companies whose main operational flows are carried out in a currency other than the currency of the company's accounting reporting.

These fluctuations may affect the results of the TOUAX Group when converting accounts in euros for the various subsidiaries outside the Euro zone. In addition, exposure to currency exchange risk is mainly due to fluctuations in the US dollar, sterling and, to a lesser extent, the Moroccan dirham against the Euro. Based on the results for the year ended 31 December 2019, the Group estimates that a 10% decrease in the exchange rate of the US dollar against the Euro would result in a 3.59% fall in current operating results. Nevertheless, these are estimates and future exchange rate fluctuations may have a greater positive or negative impact on current operating results compared to what TOUAX originally anticipated. The effect of strong fluctuations would lead to a significant impact on the Group, its financial situation and its operating results. Currency risk is hedged for intra-group loans/borrowings. However, as recorded in 2019, the hedging may be ineffective or the provider providing the hedging may be in default.

In addition, currency risk exists when a Group entity enters into a purchase, sale or lease transaction using a currency other than the functional currency of the entity with which we carry out the transaction.

Finally, since future fluctuations in exchange rates and interest rates may have a negative impact on the Group's financial situation and operating results, the Group Treasury and Finance Department manages and optimises these on a daily basis in order to reduce these potentially negative impacts.

3.5.3. The fair market value of our long-lived assets may differ from the value of those assets reflected in our financial statements

Our assets primarily consist of long-term assets which may have a book value in our financial statements that may sometimes differ from their fair market value. These valuation differences may be positive or negative and could be significant depending on market conditions and demand for certain assets. We review long-term assets for impairment in accordance with applicable rules, including whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. Recoverability of the assets is measured by a comparison of the book value of the assets to the future net income expected to be generated by the assets. The profitability of the assets is measured by a homogeneous group of assets and mainly by asset category. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the book value of the assets exceeds the fair value of the assets. Assets are booked at either book value or fair value (depending on which is the lowest), minus selling costs.

There are many assumptions and estimates underlying the determination of an impairment event or loss, if any. The assumptions and estimates include, but are not limited to, estimated fair market value of the assets and estimated future cash flows expected to be generated by these assets, which are based on additional assumptions such as utilisation rates, number of years that the asset will be used and its estimated residual value. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce a significantly different result, which could have an adverse effect on our financial situation, operating results and cash flows.

3.5.4. Counterparty risk

Counterparty risk from Cash and Cash Equivalents, as well as from derivative financial instruments under contract with banks and/or financial institutions, is managed centrally by the Group's Treasury and Financing Department. This risk is set out in the notes to the consolidated financial statements note 34.3.

3.6. Risks related to COVID-19

The COVID-19 coronavirus epidemic began in December 2019 in Wuhan, China. This epidemic then turned into a pandemic and spread to all regions of the world with the main outbreaks currently in the Middle East, in Europe and the United States of America. Significant health measures have been implemented by many countries to limit the spread of the virus: travel restrictions, compulsory quarantine periods for people from affected regions, closing of borders, confinement of populations, closing of shops other than those selling basic necessities, closing of hotels, theatres, public places, etc. These measures are causing major economic disruption with implications for international freight traffic and the financial health of many businesses. Such events could lead to the inability of group companies to lease equipment and the inability of group tenants to meet their leasing payment obligations to group companies, which, in turn, would have a significant adverse effect on the group's financial results. The health crisis may have the effect of accentuating the risks previously identified, such as currency volatility, falling demand, lower global growth, etc. These effects could adversely affect our financial situation, operating results and cash flows.

4. ISSUER INFORMATION

4.1 Business name and commercial name

The name of the company is SGTR - CITE - CMTE - TAF - SLM - TOUAGE INVESTMENT réunies - TOUAX SCA.

4.2 Place of incorporation, registration number and LEI

Registration under number 305 729 352 on the Nanterre trade and companies register

SIRET: 305 729 352 00099

LEI : 969500QZJBA9R36U9J48

APE: 7010Z

Listed on NYSE Euronext in Paris – Compartment C, ISIN Code: FR0000033003 – Reuters TETR. PA – Bloomberg TOUPFP equity

4.3 Date of incorporation and duration

The company was incorporated on 31 December 1898 and the incorporation will expire on 31 December 2104.

4.4 Legal status and legislation

- Company legal status

Partnership limited by shares under French law

- Registered and administrative office

Tour Franklin – 23ème étage – 100-101 Terrasse Boieldieu – 92042 La Défense cedex – FRANCE

Telephone: +33 1 46 96 18 00

- Financial year

The financial year of TOUAX SCA commences on January 1 and ends on December 31.

- Share capital

On 31 December 2019 the company's capital comprised 7,011,547 shares with a par value of €8.

The capital is fully paid up.

- Company legislation

A partnership limited by shares, governed by the French Commercial Code.

- Viewing of the company's legal documents

Documents relating to TOUAX SCA can be consulted at the company's registered office.

- Information policy

A financial communication agreement has been signed with ACTIFIN – 76-78, rue Saint Lazare – 75009 – Paris – FRANCE.

The present universal registration document, former registration documents, annual reports, presentations to financial analysts and press releases are available in French and English on the Group's website (www.touax.com).

Significant news that may affect share prices is always broadcast through the press.

- Persons responsible for the financial information

Fabrice and Raphaël Walewski

Managing Partners of TOUAX SCA

Tour Franklin – 23ème étage – 100-101 Terrasse Boieldieu - 92042 La Défense CEDEX – FRANCE

Tel. : + 33 1 46 96 18 00

Fax: + 33 1 46 96 18 18

e-mail: contact-touax@touax.com

5. Business Overview

5.1. Core businesses

5.1.1. Types of operations and core activities

We are a leading global corporate services provider specialising in the operational leasing, sale and management of mobile standardised equipment. We operate in three sectors with each one corresponding to each type of assets that we lease and manage: freight railcars, river barges and shipping containers.

Our Group's history began over 165 years ago as an operator of barges on the Seine river in France in 1853. We became a listed company on the Paris Stock Exchange (now Euronext Paris) in 1906.

Each of our three divisions holds leading market positions in the key regions in which it operates. For shipping containers, we believe we are the 8th largest leasing company and the 3rd largest asset manager in the world, while in Western Europe we are the 1st largest leasing company and the largest manager of containers, and one of the largest lessors of intermodal railcars in Europe, with these positions being based on the size of our fleet. Finally, we believe we are the only operational lessor of dry river barges in Europe and in the Paraná-Paraguay basin in South America.

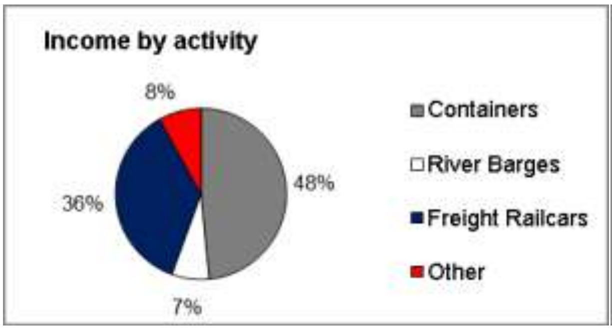
We offer a wide range of services related to our equipment, which we either own or manage for the account of third-party investors, to a variety of customers around the world, providing us with diverse and recurring revenue streams. In addition to operational leasing of equipment, we engage in financial leasing, *sale and leaseback* arrangements, as well as sales of new and used equipment. We also provide services ancillary to our equipment leases, such as maintenance and trading.

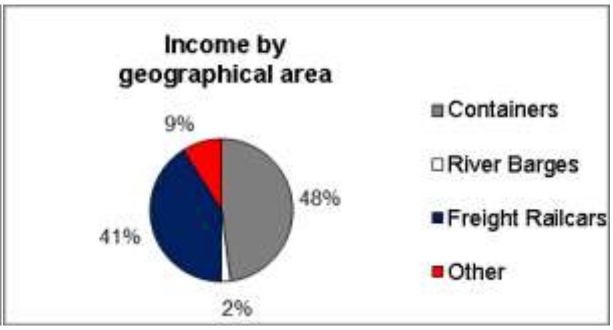
We operate a global and highly diversified business model, with 3 divisions operating in a total of approximately 40 countries on 5 continents. Income from the activities of the Containers division, which is international in nature, represented 48% of our income from activities for the year ended 31 December 2019. Our other two activities generated 40% of our total income from activities in Europe (of which 1% was in France), 2% in the Americas and 2% in Asia. The other activities represent 8% of income from activities which is mainly produced in Africa.

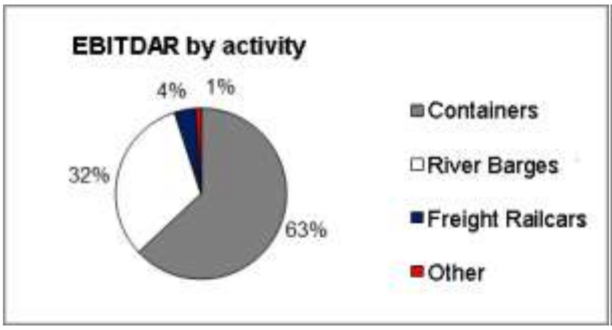
Over the years we have developed an extensive platform comprising a global network of branches, offices and depots, as well as a first-rate reputation enabling us to build long-term relationships with our customers. We serve several thousand customers worldwide in a vast range of end-markets, including some of the biggest shipping transport companies, international industrial groups, railway companies and logistics providers, with some of which we have long-standing relationships.

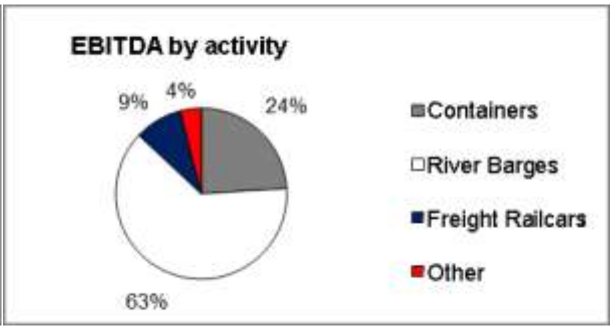
At the end of December 2019, income from our activities stood at €169 million, our EBITDAR (EBITDA before distributions to investors) at €90.3 million and EBITDA at €36.9 million.

Set forth below is a breakdown of our income by activity and by geographical area as well as our EBITDAR and EBITDA by activity at the end of December 2019:



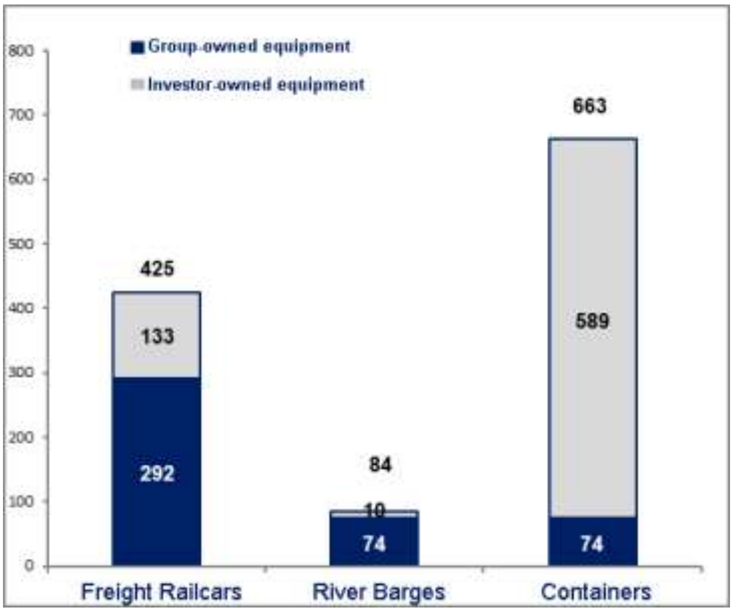






On 31 December 2019, we managed a fleet of assets with a total gross book value of approximately €1.2 billion, which are either directly owned by us or managed on behalf of third-party investors. This fleet includes 9,574 freight railcars (platforms) of which

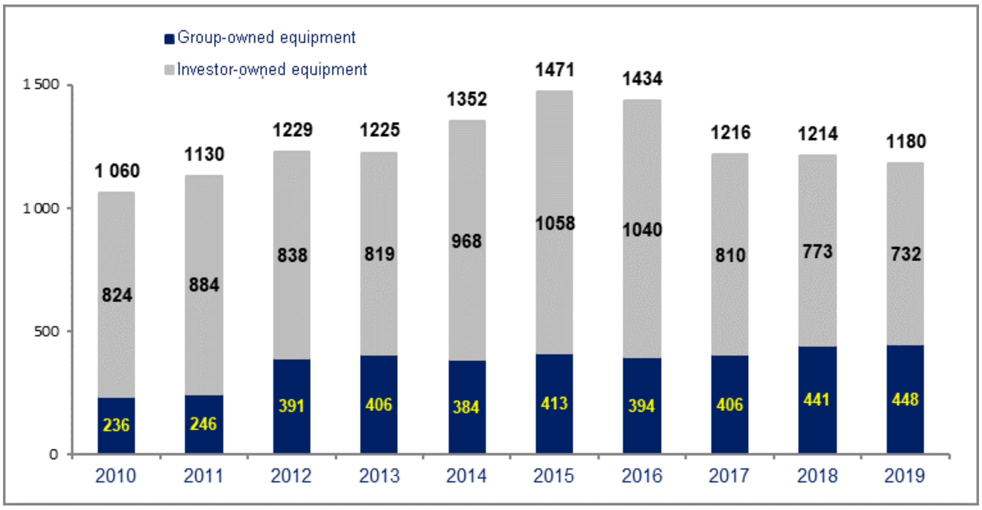
29% are managed on behalf of third-party investors, 97 river barges and 434,816 twenty-foot equivalent shipping containers (TEUs), 89% of which were managed on behalf of third-party investors.



In € millions. River barges under operating leases are indicated as owned by third party investors. We do not offer any asset management in the River Barges division.

In connection with our asset management activity, we purchase and subsequently syndicate portfolios of equipment (mostly shipping containers and freight railcars) for sale to third-party institutional and private investors. We enter into long-term agreements to operationally manage the assets comprised within the relevant portfolios. We receive a syndication fee at the time of the sale of the portfolio to an investor, and through our management agreements (which tend to range from 12 to 15 years), we receive management fees based on the gross leasing revenue attributable to the managed portfolio. As of 31 December 2019, our third-party investors owned 62% of the total gross book value of our leasing fleet.

The breakdown in terms of gross book value of our total fleet from the end of 2010 to the end of 2019 is as follows:



In € millions

Our diversified business model enables us to generate recurring revenue as a result of the standardised nature, long economic lifespan and low obsolescence rate of our assets. Our leasing revenue is generated by long-term lease agreements, securing long-term recurring income and predictable cash flows. Our asset management activity provides us with recurring revenue as a result of the long-term nature of our asset management contracts. These recurring streams are enhanced by opportunistic sales of used equipment, which we pursue based on prevailing market conditions.

As a Group engaged in an asset-based business, we resort to asset-backed financings to operate and grow our business. These assets were financed through a mix of equity, cash and debt.

Our competitive strengths

We benefit from long-lasting leading positions in markets which consolidates our experience and performance level

With our extensive network of sales offices, agencies and depots located in approximately 40 countries on five continents, we have achieved leading positions in most of our divisions and sectors. Most of our markets being characterized by significant barriers to entry, these leading positions have historically allowed us to fully benefit from available growth opportunities.

We further believe we are one of the biggest lessors of intermodal railcars in Europe based on the size of our fleet, with a total fleet of 9,574 railcars (platforms) representing a gross book value of approximately €425 million as of 31 December 2019, of which 29% consisted of railcars that we managed on behalf of third-party investors.

Finally, we believe we are the only operational lessor of dry river barges in Europe and in the Paraná-Paraguay basin in South America. We are also present in the Mississippi and Missouri basins in the United States. We have a fleet of 97 river barges, representing a gross book value of approximately €84 million as of 31 December 2019.

We believe that we are the 8th biggest lessor and the 3rd biggest asset manager of shipping containers in the world, based on the size of our fleet, and the number 1 lessor and manager of shipping containers in continental Europe. Our shipping container fleet totalled 434,816 TEU, representing a gross book value of approximately €663 million as of 31 December 2019, of which 89% consisted of shipping containers that we managed on behalf of third-party investors.

Experience and scale constitute a critical competitive advantage in our markets and underlie the success of only the largest market participants. Because our business is capital intensive, building the appropriate inventory and platform to efficiently carry on our business requires significant financial resources, and constitutes significant barriers to entry for new participants.

Our experience and size have allowed us to develop over the years the significant platform, know-how and global presence required to achieve operational efficiency in a highly competitive environment. We benefit from the experience of our management teams in the various industrial sectors and geographical end-markets to which we market our products and services. Our depth of experience provides us with insights into dynamics that are critical to the success of our business, such as the timing of investments and divestments of assets in our leasing fleet, where, when and at what price to make these assets available to potential lessees, and trends in customer demand in all our end-markets.

Furthermore, we have a first-rate reputation for technical expertise and operational excellence, which enables us to meet the quality standards demanded by our customers, particularly in the areas of maintenance and customer assistance. Our successful track record in the asset management business has also allowed us to attract and develop strong relationships with investors in portfolios of equipment. Leveraging upon our expertise, we have been able not only to grow our fleet but also to manage it proactively in order to maximize utilisation rates and revenues.

Finally, we have created a unique and efficient platform based on proprietary IT systems and have built an extended network of branches, offices, depots, workshops and agents, which in turn has allowed us to maintain strong and stable client and supplier relationships in all our activities. We believe that the critical mass resulting from our platform and network enables us to achieve economies of scale and accordingly offer attractive pricing to customers, thereby providing us with an advantage over smaller competitors that may not be able to access financing or equipment at rates as favourable as ours.

We operate a diversified business model, serving a broad customer base in different end-markets

Our operational activity is highly diversified, with three divisions operating in a total of approximately 40 countries on five continents. Each of these divisions serves a broad customer base and operates through several business models such as leasing, selling, trading and asset management.

Our divisions (Freight Railcars, River Barges and Shipping Containers) operate on different business cycles. This enables us to mitigate our exposure to certain market conditions, such as potential shifts in demand among freight transport alternatives, and to shift our exposure to more profitable customer categories and end-markets. In addition, we serve several thousand customers worldwide that are exposed to a vast range of industry drivers and end-market dynamics, such as the development of international trade and the tightening of regulatory frameworks. On 31 December 2019, our top 10 customers (excluding investors in our asset management programs) represented 42% of our total revenues.

Our activity is geographically diverse. Our revenue from the shipping container activity, which we consider to be international in nature, accounted for 48% of our total revenues at the end of December 2019. Our other divisions generated 41% of our total income from activities in Europe (of which 2% was in France), 2% in the Americas and 9% in Africa/Asia. Our geographic diversification reduces our exposure to the general economic conditions affecting any single region, country or currency, and provides for cost-effective coverage of smaller customers at a local level, while also addressing the needs of larger international customers.

Furthermore, we benefit from three different sources of revenue. Our main revenue stream consists of leasing revenue and we also sell new or used equipment based on our analysis of prevailing market conditions. Some of our customers may opt, on the basis of micro- and macroeconomic factors, to buy rather than to lease their equipment. Because we both lease and sell equipment, we reduce the risks associated with the decisions of our customers to select one solution rather than another. We also offer certain third-party investors the possibility of investing in and owning equipment that we manage on their behalf, and we derive additional sources of income through fees and commissions in connection with the syndication, leasing, management and resale of such equipment. This enables us to expand our fleet while limiting the risks and capital expenditure associated with equipment ownership.

We own and manage a flexible and liquid asset base

We own and manage a fleet which on 31 December 2019 which represented a total gross book value of approximately €1.2 billion, of which 38% is owned by us), and which is marked by its quality, as well as its flexible and liquid nature. Our fleet is young and has a long lifespan. For example, on 31 December 2019, the average age of our fleet of freight railcars, river barges and shipping containers was 20.8 years, 13.6 years and 10.1 years, respectively. On the other hand, the useful life (in relation to the accounting life) of our equipment is generally between 30 to 50 years for freight railcars and river barges and 30 to 40 years for shipping containers (up to 15 years at sea and another 20 years on land for storage purposes).

The majority of our fleet is comprised of standardised and highly versatile equipment, thereby enabling us to meet customer needs and optimise fleet utilisation. In addition to providing leasing revenue, which is our main source of revenues, the quality and the flexible and liquid nature of our asset base allow us to ensure high residual asset value, actively manage our asset base and optimize revenue streams from opportunistic second-hand sales. Finally, because of our limited maintenance capital expenditure requirements, due to the age and quality of our fleet, a significant portion of our capital expenditures is discretionary in nature, which gives us substantial flexibility to adjust or reallocate our investments based on our business needs and the prevailing economic conditions.

We are engaged in an asset-based business, and we use asset-backed financing to invest in equipment and grow the size of our fleet. We limit our total debt to sustainable levels in accordance with the covenants under our asset-backed financings and our internal targets. We have consistently maintained a ratio of total debt to total assets (excluding intangible assets) below 70% since 2008, with a ratio of 54% on 31 December 2019.

We are present in end-markets with positive long-term fundamentals

Most of the markets that we address benefit from positive underlying long-term trends.

Our markets are driven by global economic growth and growth in international trade volumes as well as the need for annual renewal of transportation equipment. Through our geographically diversified operations, we benefit from the macroeconomic growth of advanced, developing and emerging economies. The need for equipment renewal is particularly significant. We estimate that we have an annual requirement of 2 million 20-foot equivalent containers (for a market value of $4 billion) and 14,000 European railcars (for a market value of €1.4 billion).

We also believe that our Freight Railcars division will benefit from an improvement in market conditions. Following the economic slowdown in 2008 and 2009, demand for new equipment decreased sharply, which left a legacy of overcapacity in the fleets of railcar leasing companies, including our company. Nevertheless, market conditions started to improve in Europe from 2014, when we saw some recovery in rail traffic and investments and we expect this to continue. The growth of the European freight railcar industry is likely to be further reinforced by the structural mismatch between, on the one hand, railcar replacement needs due to the ageing of railcars and, on the other hand, a limited railcar production capacity due to the reduction in manufacturing that took place as a result of the economic downturn. We believe these factors will increase utilization rates and favour lessors like us, who have younger fleets. The average age of our fleet was 20.8 years at the end of 2019.

Finally, our River Barges division’s markets are also affected by international trade flows and economic conditions in the countries along the river basins in which we operate. We have focused our efforts in markets showing good outlooks in Europe and potential growth in terms of demand. The South American market remains sluggish and has no prospects for improvement in the short term.

Finally, the Shipping Containers division also benefits from the growth of world trade. The Shipping Containers business remained resilient during the global financial crisis of 2008/2009 despite a slowdown in shipping activity that impacted most shipping companies. We believe this is due in part to the long-term nature of leases and to the fact that leasing is a flexible operational and financial solution for shipping lines. After a year in 2016 during which sales of used containers were significant, the years 2017, 2018 and 2019 were marked by a strong demand for shipping containers. We believe that this trend will continue for the year 2020, with the need for renewal remaining in any case very significant .

We benefit from stable, recurring revenue streams

As a result of the standardized nature and low obsolescence rate of our equipment, we can generally enter into long-term lease agreements, securing long-term recurring income and predictable cash flows. As a result, a large proportion of our leasing revenue is contractually locked in, thereby affording us significant visibility on revenue.

Our strong, flexible and liquid asset base, which generates recurring and stable revenue streams, enables us to implement syndication to finance a portion of our fleet under management.

We manage rental equipment for third-party investors to whom we sell the equipment. This enables us to further diversify our business model and to generate additional recurring revenue without incurring most of the business and financial risks and capital expenditures associated with the ownership of equipment. Syndications thus also allow us to expand the size of our fleet of rental equipment in order to serve new leasing customers and generate revenue from additional leasing contracts without increasing capital expenditures and incurring additional long-term indebtedness. We receive syndication fees at the beginning of our asset management relationships. Our asset management contracts, which tend to range from 12 to 15 years, provide us with recurring management revenues based on the performance of the assets in our portfolio. At the end of the useful life of equipment that is owned by an investor, we are often mandated by the investor to dispose of the asset, thereby providing us with a sales fee, which is another source of revenue.

We are led by an experienced management team

Supported by our Supervisory Board, our senior management has a proven track record of effectively managing our business over the years. Members of our top management are experienced in managing operations through the different economic cycles and each has at least 20 years' experience in the equipment sales and leasing business. Furthermore, each of our three divisions is led by a managing director. Our managing directors have an average of approximately 20 years of experience in their respective industry.

Our management team's accumulated experience is an asset in identifying market dynamics and the right time to invest in a certain class of equipment in order to grow our business. Our managers' long-term relationships with many companies and individuals in the markets where we are present allow them to predict customer needs and identify key trends in our industrial and geographical end-markets. In a business where much of our success depends on providing our customers with what they want, where they want it and when they want it, our managers' ability to analyse market conditions to identify opportunities is critical. We believe that we will be able to continue to capitalize on their experience and their relationships to continue to grow our business and carry out our strategies.

We benefit from the long-term vision and support of our principal shareholders

We benefit from the strong entrepreneurial culture of the WALEWSKI family, which has managed our Group as a family business since the beginning of the 20th century and has developed it into a global business, that we consider to be a leading reference in each of the markets addressed by our 3 divisions. The WALEWSKI family is our principal shareholder. As of 31 December 2019, members of the WALEWSKI family, Alexandre, Raphaël and Fabrice WALEWSKI, jointly owned approximately 31.42% of TOUAX shares. This is a testament to our shareholders' faith in our Group and demonstrates the alignment of our shareholders' interests with our long-term vision and growth prospects. We believe that our principal shareholders' experience and knowledge of the industry is a key factor in the continuing success of our business.

Our strategy

We intend to leverage our business expertise and unique platforms to continue to stand out from our competitors and to continue to grow our 3 activities. Through the implementation of our strategy, we intend to increase EBITDA while reinvesting positive free cash flow and seeking additional financing for growth by third-party investors. Thanks to our commercial actions, we intend to increase the utilisation rate of the existing fleet that we manage as well as leasing rates.

Consolidate our leading positions in mature markets

In mature markets, we intend to consolidate our leading positions by continuing to implement a well-structured differentiation strategy for each of our 3 divisions. We believe that differentiation is a key factor to enable us to maintain our broad customer base in highly competitive mature markets.

We intend to continue to distinguish ourselves by further focusing on our ability to understand our customer needs, build long lasting relationships and offer our equipment in the right place, at the right time and at the right price. In our Shipping Containers division, we will achieve this by relying on our in-depth business expertise, our top quality platform and our worldwide presence. For our other 2 divisions, we are developing our processes to minimise equipment downtime during revisions and therefore enable our customers to optimise their use at a higher level than our competitors' equipment. Maintenance services are also an essential element of our strategy to stand out from our competitors in the Freight Railcars and the River Barges divisions.

We also intend to continue to differentiate ourselves from our competitors by providing associated high-quality services to our customers. In our Freight Railcars and Shipping Containers divisions, we will continue to offer services related to the monitoring and sharing of information about our equipment to our customers via the Internet, as well as online restitution services.

Improve utilization rates and operating efficiency to increase profitability and cash flow generation

We intend to increase the overall utilization rate of, and the profitability of, our existing fleet and continue to control our costs in order to increase our operating efficiency, improve our operating margins and reducing leverage.

To increase our utilization rates in the Freight Railcars division, we are implementing more aggressive commercial policies in order to expand our customer base. More generally, we are seeking to further expand our commercial networks and strengthen our commercial teams across all divisions.

We also intend to improve operational efficiency of our 3 divisions as well as standardizing procedures. This enables our commercial teams to more readily adapt a particular asset to a specific customer need, thereby improving utilization rates.

Control leverage through the continued pursuit of a sound financial strategy

We intend to continue our strategy of pursuing growth responsibly while focusing on controlling leverage. We believe we will be able to achieve such goal by pursuing initiatives aimed at increasing our utilization rates, seeking out business opportunities and further improving our operational excellence in those markets in which we already have an established presence. We further believe we can continue taking advantage of our proven excellence in syndicating portfolios of equipment in order to control capital expenditure on our Productive Assets and manage our levels of indebtedness. At the end of 2019, net debt amounted to €199 million and gross debt €239 million, bearing in mind that the Group's balance sheet held assets intended for sale to investors in 2020. EBITDA stood at €36.9 million in 2019 compared to €25.7 million in 2018.

Accompany the growth of our markets while keeping capital expenditures under control through asset management plans

Our objective is to accompany the growth of our markets and respond to customer demand without incurring large amounts of capital expenditure and debt.

While maintaining the overall size of our owned fleet across our 3 divisions, we intend to keep a balanced owned asset portfolio among the divisions based on the current market conditions. This balance in the composition of our asset base will provide us with a recurring source of revenues and will allow us to further optimize our asset and geographic mix. This in turn will protect our overall business from severe market conditions that may from time to time affect certain of our divisions.

We plan to expand the fleet that we manage for third-party investors through the further development of our asset management programs. We intend in particular to resume syndication of equipment in our Freight Railcars division. The syndication of new asset portfolios to third-party investors will enable us to finance the growth of our fleet, further strengthen our leading positions and develop further economies of scale. During 2019, the Group created syndications in the Freight Railcar and Shipping Container activities and we hope to increase syndications in both activities in 2020.

Grow our business in emerging markets

We intend to grow our business by seeking business opportunities in emerging markets. We believe that the most efficient way to expand our business and increase the volume of our operations in emerging markets is to establish partnerships with well-known local partners, who know the particularities of the local market, help us to increase our operational capacity and share the financial costs and business risks associated with each project. In this way, we intend to limit any additional indebtedness or capital expenditure related to the pursuit of such new opportunities.

In the long term, we plan to strengthen our presence in emerging markets mainly in our Freight Railcars division in India through our partnership with the leading freight railcar manufacturer in the country.

* * *

TOUAX specialises in the leasing, management and sale of standard, mobile and flexible equipment used for the transportation of goods.

Specifically we:

- sell new and second-hand equipment;
- lease (through both operating and finance leases) such equipment;
- manage fleets consisting of such equipment that are owned by third-party investors;
- provide services related to each of these activities.

We operate through 3 principal divisions, each centred on one type of managed asset:

- our Freight Railcars division, through which we lease, sell and maintain a fleet of railcars that are used for freight transportation and that we either own or manage for third parties;
- our River Barges division, through which we lease and sell barges; and
- our Shipping Containers division, through which we lease and sell a fleet of standard containers that are used in maritime and overland transport and that we either own or manage for third parties.

In a more residual way, TOUAX has maintained a sales activity of modular buildings in Africa.

The activities and markets for each of these activities are detailed below, supplemented by the management report page 151.

The breakdown in revenues for each core business and geographic area is described in the notes to the consolidated financial statements section 18.1 page 72. A presentation of the outlook given at the meeting of the French Society of Financial Analysts (SFAF) on 25 March 2020 is provided in paragraph 24.4 page 222.

1. Freight Railcar business

Generally speaking, market dynamics in the freight railcar industry vary significantly from one region to another. We address three geographical markets with distinct characteristics and perspectives: Continental Europe mainly, India and to a lesser extent the United States.

Europe

The European freight railcar leasing market is estimated at around 700,000 freight railcars worth around 550 million euros. The average age of this fleet is around 23 years on average, according to an external market analysis company. The European market, particularly affected by the global economic crisis ten years ago, has since observed a steady recovery. The European rail freight market is expected to grow, in part thanks to market deregulation and the implementation of policies to promote rail freight and environmentally friendly forms of transport. The growth rate recovery of this market, and the ongoing need for renewal of freight railcar fleets will help meet existing demand. Due to lowered production levels in recent years and the reduction of manufacturing capacity, we believe that meeting replacement demand will be a challenge for European market operators, and that this situation will favour those with younger fleets. According to an external market analysis company, it appears that the number of TKM in 2018 stands at 453 billion.

India

Having been a core infrastructure in the Indian territory for over 150 years, rail transport is a key driver of socio-economic development. In addition, they constitute one of the leading modes of transport with 40% of the freight transported, and represent just over 730 billion tonne-kilometres (TKM) in 2018, which has been steadily increasing since the last decade (+60% of TKM between 2005 and 2016).

The creation of six lanes for freight ("Dedicated Freight Corridor") is the largest railway project ever launched by the Indian State and its national company Indian Railways, both in terms of the length of the network constructed and its cost (combined length of over 3,000 km). These new lines connect the main ports and the Indian cities of Delhi, Mumbai, Chennai and Calcutta. New dedicated corridors will be introduced in the coming years to increase the volume transported by rail.

The new freight corridors put into service in recent years may be used by different operators thanks to the tendering of Indian Railways. The Indian rail market in 2018 has nearly 290,000 freight railcars almost exclusively owned by the Indian railways (Source: -Indian Railways Year Book 2018-19).

Principal Market Drivers

Macroeconomic conditions affecting demand for freight railcars

The demand for freight railcars is closely tied to the underlying factors affecting demand for rail transport, which depends on developments in global and regional trade. Levels of freight railcar leasing are therefore subject to variation based on a host of macroeconomic factors such as industrial output and consumer demand. We believe that, since these fundamental factors continued to improve in the first half of the year, demand for freight goods transportation could benefit.

Rail transport competes directly with other means of overland and inland freight transportation, particularly trucking. According to Eurostat, railways accounted for 18% of all inland freight transport in the European Union, whereas road traffic accounted for around 76%. This breakdown has remained stable for the past two decades. We believe that generally, rail will be favoured as companies are increasingly sensitive to environmental concerns and labour costs, as rail transportation is more environmentally friendly than trucking and requires less manpower.

Changes in the European regulatory landscape

We believe that the liberalization of the railway industry in Europe had an overall beneficial impact, though limited by the crisis, on the demand for freight railcars.

Changes in European regulations have opened up railway business to private companies, leading to a more flexible competitive landscape that challenges the dominance of incumbent state-owned railway companies. We believe that these changes will lead to an increased share of railcar supply being provided through leasing rather than through ownership. The reason for this development is that new entrants will likely be smaller and be less able to make significant capital expenditure necessary to build up a fleet of railcars. We believe that these companies will therefore favour leasing as a means of ensuring that they have a useful fleet at their disposal while being able to optimize capital expenditure levels. We estimate that in Europe, lessors represented approximately 20% of total freight railcar supply, whereas in the United States, where the railways have been deregulated for a longer time, lessors' share of the market is approximately 57 %.

In addition, the European Commission also approved several investments over the next few years that we expect will modernize and significantly improve railway transportation in Europe. Investments in infrastructure have continued to increase in order to renovate and improve the service. We believe that these initiatives will further stimulate investments in the development and renovation of rail infrastructure, which had previously languished for decades.

Additionally, we believe that the adoption of standardized rules regarding railcar maintenance have made regulatory compliance a more streamlined process than it was prior to this change. We believe that these shifts in the European regulatory landscape will lead to the further development of long-distance rail traffic that is more competitive compared with road transport.

Mismatch between production capacity and replacement needs

The economic slowdown ten years earlier was particularly difficult for manufacturers of railcars as demand for more equipment decreased. As a result, many manufacturers faced economic difficulty and a number were forced to go out of business. Since then, the improvement of the economic environment in Europe and market conditions in recent years has contributed to the increase in demand for additional equipment. Railcar manufacturers have become stronger by concentrating their operations and offering higher production capacity to absorb demand but with longer production lead times.

In Europe, the average age is estimated at around 23 years, according to an external market analysis company. Although they are generally long-lived assets, older railcars that have sat unused with little or no maintenance while demand has been weak will be difficult to bring back to good working order once levels of demand return to pre-crisis levels. As a result, we believe that market participants with younger fleets will be in a better position to meet new demand.

Shift to increased leasing over ownership

We believe that as newer, smaller companies enter the rail freight market in the wake of deregulation, and legacy companies are forced to compete more directly with leaner entrants, leasing a fleet of railcars will become more advantageous to the market as a whole. Leasing allows companies seeking to ship freight by rail to build up their fleet without incurring a significant capital expenditure. In addition, lessors can provide lessees with value-added services such as fleet maintenance, thereby enabling lessees to avoid the need for expensive, in-house maintenance teams. Furthermore, sale and leaseback transactions and finance leasing can allow companies to manage their balance sheet while outsourcing to lessors the management of the disposal of their used containers.

Competition

There are several large competitors operating in the freight railcar leasing industry. These companies tend to specialise in several types of railcars.

While we specialise in intermodal railcars and other dry goods transportation railcars, certain other market operators, such as GATX, VTG and ERMEWA, specialise in tank railcars.

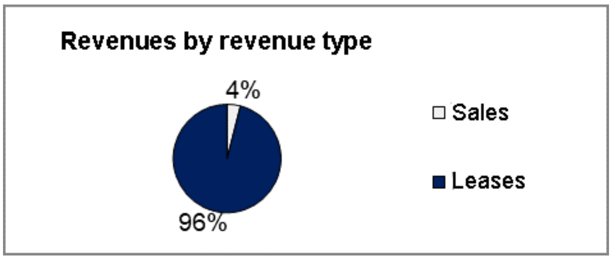
The main competitor of our Freight Railcar division in the intermodal railcar segment is VTG (since the acquisition of AAE.

General presentation of the business

We lease and sell freight railcars to logistics companies, railway operators and industrial groups in Europe, the United States and Asia. We believe we are one of the largest lessors of intermodal freight railcars in Europe, in terms of the number of units in our fleet.

We also provide maintenance services as an Entity in Charge of Maintenance under European regulations to customers in Europe. Our Freight Railcars division has offices and/or agents and covers about 20 countries in Europe.

Revenues are distributed, as follows:



Our Freight Railcars Fleet

As of 31 December 2019, our total fleet of railcars consisted of 9,574 platforms with a gross book value of approximately €425 million, of which 31% consisted of railcars that we managed on behalf of third-party investors. The average utilisation rate for our leasing fleet was approximately 88.7% for the year ended 31 December 2019. Our fleet consists of different types of railcars, including:

- intermodal railcars used to transport standard containers used in sea transport or swap bodies. These are interchangeable containers that are very light and non-stackable, ideal for road and rail transport ;
- car carrier railcars, which are used to transport cars by rail ;
- coil carrying railcars, which are specially designed to transport large spools of steel, coils of cable or wire or other similarly spooled materials ;
- sliding wall railcars, which are loaded from the sides for palletised products; and
- hopper cars, which are used to transport loose bulk items.

Within the freight railcar industry, railcars are counted in terms of platforms rather than individual wagons. A 45-foot and a 60-foot railcar are each considered to be one platform, while 80-foot, 90-foot, 106-foot and car transport railcars are each considered to represent 2 platforms. On 31 December 2019, our freight railcar fleet totalled 7,315 (or 9,574 platforms).

As of 31 December 2019, in addition to our platforms under management, we provided technical and maintenance service for 1,504 platforms owned by a customer.

Freight railcars are particularly long-lived assets, which can typically be used for 30 to 50 years. The average age of our freight railcar fleet as of 31 December 2019 was 20.84 years.

Our Products and Services

Our Freight Railcars division offers three principal types of services to our customers: leasing and related services, railcar maintenance and asset management. To a limited extent, we also sell small components used in freight railcars.

Leasing and related services

We lease our fleet of freight railcars to logistics providers, railway companies and industrial groups in Europe, the United States and Asia. We also provide services related to our leased fleet, such as maintenance services. Revenue from leasing and related services accounted for €58.4 million, or 97%, of our total revenues in the Freight Railcars division for the year ended 31 December 2019.

We provide four types of packages to our freight railcar lessees based on their specific operational needs:

• full service leases, pursuant to which we are responsible for maintenance and repairs of leased railcars ;

• net leases, pursuant to which our customer retains responsibility for the maintenance of and repairs to their leased freight railcars ;

- mixed leases, pursuant to which we are responsible for inspections and checks of the leased freight railcars and repair of their axles while our customer is responsible for all other corrective and day-to-day maintenance; and

- sale and leaseback transactions, pursuant to which we purchase railcars from our customers and lease the fleet back to them. We may provide maintenance of the railcars through the leaseback arrangement if the customer so desires.

Lessees under our freight railcar lease contracts generally undertake to lease a fixed number of freight railcars for the duration of the lease at a fixed per diem rate, although some lease agreements may also provide for the rental of freight railcars on a pay-as-you-go basis for spare wagons.

Furthermore, our lease agreements generally include a yearly mileage limitation clause, which establishes a supplement per kilometre applicable to the contractual rental rate in the case the freight railcars have travelled more than the agreed mileage. The duration of these leases generally varies from 1 to 2 years, although in certain cases it could be for as long as 8 years. On 31 December 2019, the average term of our leases was approximately 2.78 years. Leases are often automatically renewed at the end of their initial term for an additional one year term unless either party to the lease agreement delivers a notice of redelivery to the other party at least 3 months prior to the expiration of the initial rental period. Further, contracts may not be terminated by the lessee unilaterally during the term of the lease.

Freight railcar maintenance

Since 2011, we were certified as an “Entity in Charge of Maintenance,” or ECM, pursuant to European Regulation 445/2001/EC. This certification was renewed in December 2019 by external audit. This regulation sets forth a mandatory compliance system designed to ensure the safety and reliability of freight transport by rail within the European Union, and prescribes standard guidelines similar to those of an ISO standard that must be applied in order for accreditation to be received. The promulgation of the regulation created a market in third-party maintenance providers to alleviate the time and cost burden of compliance by freight railcar holders.

We employ specialized technicians that are able to analyse a fright railcar’s technical issues remotely and recommend a detailed plan of action. The railcar is then dispatched to a nearby workshop to which we subcontract the actual repair work and whose mechanics are instructed to follow the recommendations of our technicians.

Our status as an ECM allows us to offer maintenance services as an ECM to third parties independently of whether the freight railcars are part of our fleet. We currently provide such services to freight railcars owned by an affiliate of SNCF, the French national railway company. We intend to use our status as an ECM to pursue other opportunities to provide freight railcar maintenance services on a standalone basis.

Asset management

As in our Shipping Containers division, we syndicate portfolios of freight railcars to third-party investors and operate as an asset manager for them. On 31 December 2019, our Freight Railcars division had assets under management for third parties with a gross book value of approximately €133 million, or 31% of our total fleet of freight railcars.

Our portfolio selection, tracking, syndication process and contracts are similar to those used in our Shipping Containers division. Following syndication, we manage the syndicated portfolio as if it were part of the assets we manage for our own account.

We have syndicated freight railcars to our SRFRL and TRF3 subsidiaries. SRFRL and TRF3 are joint-ventures created with DVB Bank SE, which are investments instruments in freight railcars in Europe. In January 2017, our indirect holding in TRF3 increased and our voting rights increased to 52.03 %. We have syndicated freight railcars to TXRF4. TX RF4 is an asset company owned by a Luxembourg SICAF-SIF whose objective is to invest in equipment managed by the Group.

Sales

To a very limited extent, we sell small components related to freight railcars, such as brake shoes and sometimes axles. We also have from time to time sold portfolios of second-hand freight railcars when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair and possible repositioning expenses.

Procurement of our fleet

We rely on third-party manufacturers to supply the freight railcars that make up our fleet.

We generally do not purchase new equipment for use in our Freight Railcars division unless we have signed a lease or sale agreement with a customer. The equipment that we do purchase is selected based on our own internal ROI targets, which are affected by the price that we can charge under our rental contract and the cost of financing the freight railcars.

We do not believe we are particularly dependent on any one supplier of freight railcars to meet our needs. However, we do expect that new freight railcars will generally be in short supply in the near term since at the end of the last decade many manufacturers were forced to go out of business due to the global economic slowdown.

Financing our Fleet

We purchase freight railcars for use in our rental fleet for the purpose of either owning them on our balance sheet or syndicating railcars to third-party investors for whom we manage such assets. On 31 December 2019, 31% of the gross book value of our freight railcar fleet was owned by third-party investors and 69% was owned by our Group.

When we purchase freight railcars to own on our balance sheet, we do so through cash on hand or drawings under our revolving credit lines. When we purchase freight railcars for syndication, on the other hand, we take advantage of a dedicated warehouse credit facility, the TRF2 Warehouse Facility, to finance these freight railcars in anticipation of their syndication. While the TRF2 Warehouse Facility is intended to provide short-term revolving credit, we have used it as a means of long-term financing for our freight railcars in periods of low syndication demand. A railcar will remain subject to the TRF2 Warehouse Facility until such time as we sell it to a third-party investor. Once the railcar is sold, the proceeds of the sale are used to repay the drawing under the TRF2 Warehouse Facility.

Management of our fleet

Through our proprietary fleet management software platform, we are able to track our fleet of freight railcars as they are leased. Our platform allows us to provide monthly reports to our management and our investors on the status of our freight railcar fleet, rental rates per type of railcar, utilization rate, operating expenses and revenues attributable to a freight railcar, to a lessee or to an investor.

Freight railcars that are on lease but unused by our customers are stored in rail yards and sidings at their expense. We also store freight railcars that are not on lease at rail yards at our own expense. Our freight railcars are monitored by our trained technicians and are sent to workshops to undergo maintenance and repair at the instruction of our technicians.

Marketing

Our primary means of marketing our services is through our regular participation in requests for tenders from logistic companies, railway operators or industrial groups. In general, a potential customer will specify the number and type of freight railcars it will need, and where it will need them. Our decision to tender is based on our ability to purchase or furnish freight railcars at a price that will generate an attractive return on our investment.

The length of the tender offer process varies depending on the potential customer's need for freight railcars. If the company is seeking to fulfil a need that will arise in the immediate short-term, the process can be quite rapid, whereas companies that are seeking to fulfil projected future needs typically set forth a schedule that is longer. We negotiate terms such as price, payment terms, additional services to be included in the contract (such as maintenance) and the terms of delivery and return of the leased freight railcars.

Key customers

Our Freight Railcars division caters primarily to three types of customers: logistic companies, railway operators and industrial groups. Our principal logistic company customers include GCA, Shuttlewise, Oceanogate, Hödlmayr, ARS Altmann. Our principal railway company customers include SNCF, Deutsche Bahn, SBB, Belgian Railways, Rail Cargo Austria and Rail Cargo Hungaria.

Our principal industrial sector customers include VW, BASF, Tata Steel and Solvay. During the year ended 31 December 2019, no single freight railcar leasing customer represented more than approximately 9.9% of our leasing revenues in the division. Our ten largest Freight Railcar equipment leasing customers represented approximately 43% of our leasing revenues in the Freight Railcar division for the year ended 31 December 2019.

2. River Barge business

Key Market Characteristics

Our River Barges division is installed in the Seine, the Rhine and the Danube river basins in Europe, the Mississippi and the Missouri river basins in the United States and the Paraná-Paraguay river basin in South America.

Inland waterway freight traffic is significant in each of our markets. For the French Waterways, 56.3 million tonnes of goods were transported in France during 2019. This represents a traffic of 7.4 billion tonnes.km. These figures have increased by 10 and 9% respectively compared to 2018. This is mainly linked to an exceptional cereal year and significant volumes of transport of construction materials on the Seine for the Greater Paris project works.

According to the 2019 annual report from the Observation of the Inland Navigation Market in Europe, the tonnes of freight transported by inland waterways in the European Union in 2018 are decreasing mainly due to the exceptional and long low flow over the Rhine during the second half of the year. The recovery began in 2019, thanks to a more dynamic cereal market, resulting from exceptional crop levels. On the 40,000 km of European inland waterways, this represents a total traffic of 300 million tonnes of goods and 135 billion tonnes per kilometre. In the United States, approximately 600 million tons of commodities freight moved on inland waterways in 2017, according to the Waterways Council, a U.S. public body. This represents 14% of domestic volumes trade, valued at $250 billion.

According to the World Bank, freight traffic in the Paraná-Paraguay Basin, our main market in South America, mainly consisting of grains and bulk minerals, estimated at around 15 million tonnes in 2018, fell again in 2019 as a result of an increased period of drought which impacted heavily on harvests. Iron ore volumes, which had been drastically reduced since 2015, have stagnated since then with an average of 3 million tonnes.

River barges are expected to remain an important component of inland freight transportation in the future. For example, according to the 2016-2017 report "the power of inland navigation" published by Blue Road, conservative estimates have river transport maintaining a share of 5% of all inland freight transportation in the EU between 2005 and 2040.

Principal Market Drivers

Macroeconomic factors affecting demand for freight traffic

The demand for the leasing and sale of river barges is closely linked to regulatory, political and macroeconomic factors affecting the transport of goods in the countries and regions where a particular river flows. These factors are for example: levels of aggregate industrial production and harvesting, local demand for goods, government policies related to the import and export of goods or the pattern of international trade.

We believe that demand for river barges will increase in the short term in Europe. Europe's largest seaports already make extensive use of inland water transportation in order to avoid road congestion and to address a lack of capacity in rail transportation or road infrastructure. We believe that river transport will continue to play an important role because of the steady increase in seaport traffic and the growing influence of the environmental constraints linked to greenhouse gas production. In South America, the economic slowdown in the region as well as the decline in prices of certain raw materials has led to a decrease in the requirements for barges. However transport of cereals has remained stable. According to the Paraguayan Chamber of Commerce, the food needs of the continent will lead to a doubling of volumes transported on the Paraná-Paraguay by 2025.

Cost efficiency and environmental concerns

We believe that river barges are one of the most energy-efficient means of inland transportation. With a growing global emphasis on "green" industries, the environmental benefits of river transportation over overland transportation are likely to become increasingly important market factors. We believe that river transportation is particularly cost effective, as it can transport large volumes of cargo while consuming fewer fossil fuels. It is estimated that river transportation is seven times cheaper than road transportation, requiring 3.7 times less petroleum consumption than the latter. For example, a convoy of two barges can hold 6,000 metric tons of cargo, which is the equivalent of the cargo capacity of approximately 240 trucks on the road. Market estimates indicate that one ton of bulk products can be carried 616 miles by inland barge on one gallon of fuel, compared with 478 miles by railcars or 150 miles by truck. Finally, river barges produce approximately three to four times less carbon dioxide than road transport, according to estimates by Voies Navigables de France, a French public establishment that manages navigable inland waterways in France.

Competition

We believe that competition in the River Barges division is marked by a high degree of regional and local competition rather than competition from multinational companies. This results from the need for market participants to be familiar with the various regulations governing a particular river basin, the barge design constraints posed by a particular river and the locally concentrated customer base.

As an operating leasing company, we operate in a niche market and do not encounter significant competition from other lessors, who are more likely to be river operators with a different business model from ours.

General presentation of the business

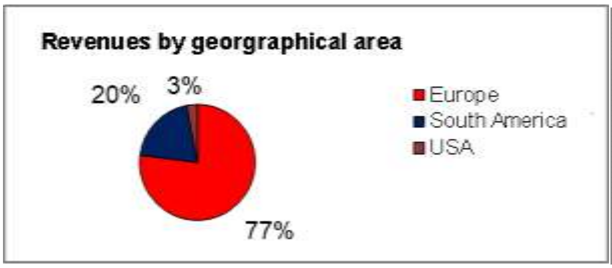
We lease and sell river barges to logistics companies and industrial groups in Europe, the United States and South America. In this niche market, we believe that we are the leading operational leasing company for bulk river barges in Europe and South America. Our barges operate along the Seine, Rhine and Danube river basins in Europe, the Mississippi and Missouri river basins in the United States and the Paraná-Paraguay river basin in South America.

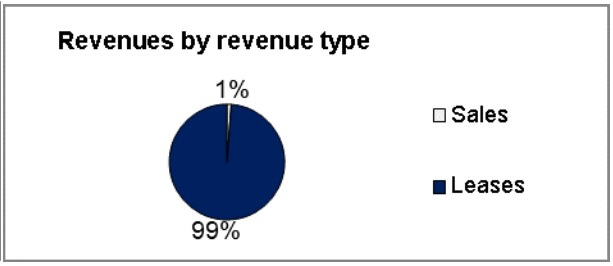
River barges are flat-bottomed boats that are built mainly for river and canal transport of bulk goods. To a large extent, river barges are not self-propelled and must be towed or pushed by a tow boat. River barges are particularly long-lived assets, which can typically be used for 30 to 50 years.

For the year ended 31 December 2019, our River Barges division accounted for €11.8 million of revenues, equal to 7% of our total revenues or 9% of our EBITDA.

Below is a breakdown of our River Barges division revenues for the year ended 31 December 2019:

- Revenues: €11.8m





Our fleet

We specialise in dry bulk river barges, which are primarily used to transport dry bulk freight such as coal, sand, gravel, steel, iron ore, grains, fertilizers, cement and clinker. On 31 December 2019, our fleet of river barges consisted of 97 units (excluding chartered barges) with a gross book value of approximately €72 million. The average age of our river barge fleet on 31 December 2019 was 13.6 years. The average utilisation rate for our fleet was 90.6% for the year ended 31 December 2019.

Our Products and Services

We primarily lease river barges to logistics companies and industrial groups. However, we also engage in opportunistic sales of second-hand river vessels from our own fleet from time to time. Although we are a historical operator of river barges, we have decided to refocus our business on leasing only. We do not operate the equipment we own, but instead lease it to operators.

We also offer our expertise for the preparation, construction monitoring and delivery of new barges for customers wishing to acquire or renew their fleet.

Leasing and related services

We provide operational leasing and sale and leaseback solutions for river barges. Some related services that we provide in connection with our leases include fleet management, transport of barges between different river basins, insurance and technical expertise regarding river transport. During the year ended 31 December 2019, revenue from leasing and related services accounted for €11.6 million, or 99% of our total revenues in the River Barges division.

We generally enter into long-term leases with our river barge lessees. These leases can last for up to 10 years. On 31 December 2019, the average term of our long-term river barge leases was approximately 5.8 years. Typically our contracts can be renewed, either tacitly or through the express agreement of the parties thereto. Most of our leasing is usually on a "chartering" basis, which means that the lessee is responsible for recruiting their own crew, taking care of insurance and necessary repairs during the leasing period. Lessees agree to release us from the principles of liability associated with their use of our barges. Contracts may not be terminated by the lessee unilaterally during the term of the lease.

Trading and Sales

We engage in sales of second-hand river vessels from our own fleet from time to time when we believe it is financially attractive for us to do so, taking into account the location, sale price, cost of repair and possible repositioning expenses, as well as, to a very limited extent, direct operation of river barges. During the financial year ended 31 December 2019, there was no trading, but sales of barges represented 1% of the total revenues in the River Barges division.

Procurement of our fleet

We rely on third-party manufacturers of river barges in order to build up our fleet. We generally do not purchase non-replacement new equipment for use in our River Barges division unless we have signed a lease agreement or a sale agreement with a customer.

The price of a new river barge depends heavily on the technical specifications to be met, the place of manufacture or delivery required for the barge as well as general market conditions influencing demand at the time of purchase. For a standard dry bulk cargo barge, the purchase price can range from approximately $650,000 to $1.5 million. It takes from 2 to 7 months from the signing of a purchase order for delivery of a new barge.

We do not believe we are dependent on any one supplier of river barges to meet our needs. However, the construction offer of river projects is dependent on the strength of the market.

Financing of our fleet

We do not engage in asset management and therefore our main means of liquidity in this division is cash on hand, equity injections or borrowings under asset-based bilateral credit agreements to finance our acquisitions of new equipment.

Management of our fleet

We manage our Seine, Danube and Mississippi river barge fleets centrally from our headquarters in Paris. Our fleets in other locations are managed locally. We do not actively manage our fleet, as our river barge operations are controlled by our lessees. However, we ensure that the administrative documents for our barges are up-to-date, that the navigation certificates are renewed regularly and we manage the processing of insurance premiums and claims and any modifications.

Marketing

We have offices dedicated to our River Barges division in Paris, Rotterdam, Panama City and Miami. Our marketing efforts are both centrally based (through our website and through brochures) and basin-based (through locally organized client events, appearances at trade fairs and advertisements in local publications). As our River Barges division is targeted at a niche market, we rely mainly on networking through our existing client base, advertisements, appearances at exhibitions and trade fairs and scouting prospects directly through our professional contacts as well as agents, to generate new business.

Key customers

Our River Barges leasing business primarily caters to logistics companies and industrial groups. Our principal river logistics sector customers include Trading Line, Miller, P&O Maritime Services, ATRIA Logistics and Redereij De Jong. Principal industrial sector customers include Cemex, ArcelorMittal, Yara, Bunge and ADM. During the year ended 31 December 2019, no single customer represented more than 45% of our leasing revenues in the River Barges division.

3. Shipping Container activity

Key Market Characteristics

The shipping container market is by its nature international in scope. As a result, growth in the shipping container industry is tied to international trade volumes.

We believe that demand for shipping containers has been positively affected by the growth in international containerised traffic. In 2019, annual production of shipping containers was estimated to be approximately 2.4 million TEU.

Shipping lines will typically use a combination of owned containers and leased containers. At the end of 2019, it was estimated that shipping lines owned approximately 48% of the total worldwide shipping container fleet (40 million TEU) while 52% of the total worldwide shipping container fleet was managed by leasing companies. In addition, it is estimated that 47% of shipping containers produced in 2019 were ordered by leasers.

In general, lease pricing for new shipping containers is determined largely by the purchase price of a new shipping container. The purchase price can vary due to several factors, including the price of steel, which is the main component of a container, and market demand.

Principal Market Drivers

Globalization leading to increased trade volumes

We believe that trade flows resulting from globalisation constitute the main driver of growth in the underlying demand for shipping containers. As a greater proportion of industrial and consumer goods is traded internationally, we believe that it will become increasingly common to outsource labour-intensive processes such as manufacturing away from countries where the cost of labour is high to countries in the developing world with lower wages. This internationalisation of the production value chain means that goods will need to travel further afield from their place of manufacture to their end-markets. Over the past two decades, Asia (China in particular) has served as the main origin of the world’s exports, while markets in North America, Europe and Japan have seen net inflows of imported goods. We believe that this general trend will continue and, at the same time, countries will attempt to further correct the trade imbalance with their main bilateral partners, and especially China as the largest market. This scenario leads to a further increase in demand for long-haul containerized traffic.

To meet the increased demand for maritime cargo transport, shipping companies have added more vessels to their fleets in order to increase the frequency of their ocean crossings. In addition to vessel availability, container availability is key to the successful management of cargo space. Each container ship has a predetermined number of “slots,” which correspond to the space required for one TEU aboard the vessel. When a ship arrives at port, the containers on board are offloaded and are transported onward over land. A shipping company must therefore have containers already available at port for loading onto the vessel once it arrives to take on new cargo for the vessel’s onward journey. According to third-party market research, at the end of 2019 a shipping company required just under 2 containers per vessel slot to optimise its operations while minimising the unproductive time associated with not having a ready source of new containers at each port. This ratio is expected to remain relatively unchanged in 2020.

Increased shipping times leading to increased demand for shipping containers

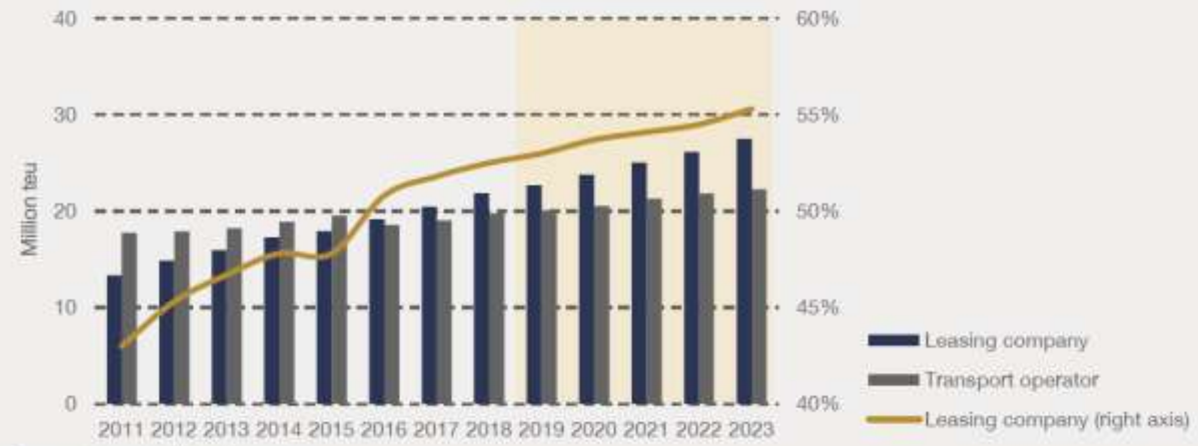
Lengthier shipping times can have a positive effect on the demand for shipping containers, as it requires shipping companies to have access to a larger fleet of containers than what would have been necessary had turnaround times been more rapid. Two relatively recent developments have led to shipping lines moving goods more slowly than they have in the past. Firstly, the trend towards ever larger shipping vessels has meant that they are not able to physically pass through the Panama Canal and are thus forced to round the Cape Horn rather than take a more a direct route for intercontinental journeys. Furthermore, even if vessels can pass through the canals (Panama and Suez), there are significant charges imposed for their use, which can negate whatever cost advantage that may result from reduced shipping time and benefit to longer routes , such as the Cape of Good Hope. Secondly, shipping companies have voluntarily reduced the speed of their ships, a practice known as "slow steaming" or "extra-slow steaming", to reduce fuel costs. All of these factors have resulted in more time elapsing during a container’s round-trip between its port of origin and its port of destination. If a shipping company were to experience a spike in demand for shipments while its containers are still away from port on board a slower-moving ship and on a longer journey, it would need access to more containers to meet that demand. Finally, the risks of piracy have led some shipowners to pass by the Cape of Good Hope rather than taking a more direct route through the Suez Canal.

Shift to increased container leasing versus ownership

We believe that the growth in lessor-managed shipping containers is part of a general decrease in the share of shipping containers purchased by shipping companies.

The chart below shows the change in the worldwide container fleet by owner category (in millions of TEU) and the global share represented by lessors, from 2011 through 2023 (data from 2020 onwards is based on forecasts).

Figure 3.4 Container fleet by owner category



Source: Drewry Maritime Research

Container leasing remained relatively resilient during the most recent financial crisis despite a downturn in shipping activity which impacted most shipping lines, with global leasing volumes dropping only slightly from approximately 11.6 million TEU in 2008 to approximately 11 million TEU in 2009, before rebounding to previously reached levels the following year whereas shipping lines activities dramatically dropped. We believe this is due in part to the fact that leasing is advantageous to shipping lines for both operational and financial reasons. Because export volumes are subject to a host of different factors, it can be difficult for shipping lines to predict accurately their container requirements at different ports. Leasing allows shipping lines to lower their capital expenditures and to adjust their container fleets to match seasonal variation and short-term peaks in demand. The availability of a fleet of containers for lease at strategic ports around the world reduces the need for a shipping line to maintain excess container capacity and therefore reduces its capital expenditures and preserves cash. We believe that, following the gradual introduction of new environmental regulations concerning carbon dioxide emissions, carriers are now concentrating their investments on their main assets, the ships. The main shipping companies have also allocated their capital to strengthening their global presence, through the acquisition of competitors and port terminals, but also through a process of vertical integration of logistics and/or freight forwarding companies. Shipping lines can rely on container lessors for a long-term supply of assets at a fixed rate that reflects the benefits of scale available to lessors as purchasers of containers. Additionally, lessors are able to provide lessees with a variety of other value-added services, such as sale and leaseback transactions and/or finance leasing, enabling shipping lines to manage their balance sheets while effectively outsourcing to lessors the management of the disposal of their used containers.

Competition

The shipping container leasing sector is heavily consolidated: the top ten container leasing companies account for a significant proportion of the total containers in the world. The years 2015 and 2016 were marked by a concentration among the rental companies, with the disappearance of some big names among the top 10 worldwide. These giant mergers further extend the scope of operation of the rental companies, as well as the improvement of services and the value chain. Some smaller names have also disappeared or merged, thus reducing the share of companies outside the top ten to an even smaller percentage.

Alongside this, the shipping industry has also been consolidating for a number of years, generating an increase in the share of revenues from major shipping companies in our customer portfolio. These two dynamics combine to create a highly competitive environment for lessors of shipping containers. In such a highly concentrated market, the key competitive advantage is to have a strong network and platform in order to ensure that the right asset is available at the right time, in the right place and at the right price. In addition, shipping lines allocate their supplies over a number of lessors to reduce concentration risk issues.

Our main competitors in the Shipping Container division include Triton International, Textainer group, Florens Container Leasing, Seaco, SeaCube Container Leasing, CAI International and Beacon Intermodal Leasing.

General presentation of the business

We manage a fleet of shipping containers that we own or manage on behalf of third-party investors. In addition, we sell used containers for mainly land-based purposes. Based on the information available from other publicly listed companies, we believe that we are the 3rd largest asset manager of shipping containers in the world and the largest manager of shipping containers in continental Europe. We believe we are the 8th largest lessor of shipping containers in the world and the leading lessor in continental Europe based on the size of our fleet on 31 December 2019. Our division has offices and/or representatives in several countries.

Shipping containers constitute highly standardised, and therefore highly liquid, equipment. Containers are designed and built to meet norms set forth by the International Organization for Standardization ("ISO") and the World Customs Organization ("WCO"), among other international organizations. The industry-standard measurement unit is the Twenty-Foot Equivalent Unit ("TEU"), which compares the length of a container to a standard twenty-foot container. For example, a 20-foot container is equivalent to one TEU and a 40-foot container is equivalent to two TEU. Each container is identified by a unique seven-digit number that is registered with the Bureau International des Containers et du Transport Intermodal, a non-governmental organization that allocates codes to each container owner or operating company. These numbers, which are on a nameplate affixed to the doors of the container, enable the identification of the owner and the manufacturer of the container and the container's safe passage through customs under the mandate of the World Customs Organization.

For the year ended 31 December 2019, income from activities in our Shipping Containers division accounted for €81.8 million, equal to 48%, of our total revenues or 24% of our EBITDA. The container leasing and sales businesses are denominated in U.S. dollars, and both acquisitions and leases are made in U.S. dollars.

Our container fleet

On 31 December 2019, we had a shipping container fleet of 434,816 TEU. The gross book value of our fleet was approximately €663 million on 31 December 2019, of which 89% we managed on behalf of third-party investors.

The chart below shows the growth of our fleet of shipping containers from 31 December 2015 to 31 December 2019, in thousands of TEU:

	2019	2018	2017	2016	2015
Number of containers bought (in TEU)	13 362	30 709	1 598	19 000	25 100
Number of containers sold (in TEU)	41 456	40 019	68 770	76 271	72 760
Fleet managed on 31 December (in TEU)	434 816	463 732	475 007	553 269	585 237
Steel equivalent of containers bought (in tonnes)	20 379	47 983	2 660	28 790	38 290
Timber equivalent of containers bought (in tonnes)	3 639	8 568	475	5 141	6 837

TEU: twenty equivalent unit

The average utilisation rate for our shipping container fleet was close to 97% for the year ended 31 December 2019.

The majority of our fleet comprises standard dry freight shipping containers. Standard dry freight shipping containers are typically 8 feet wide, come in lengths of 20 feet, 40 feet or 45 feet and are either 8 or 9 feet high. These types of containers are constructed of steel sides, a roof, an end panel on one end and a set of doors on the other end, a wooden floor and a steel undercarriage. They are used to carry general cargo, such as manufactured component parts, consumer staples, electronics and apparel. On 31 December 2019, the average age of our shipping container fleet was 10.1 years. Our fleet consists of new containers, with a long useful leasing life and assets acquired from shipping companies through Sale & Lease back contracts.

Containers tend to have high residual values even after their usefulness in the maritime context has ended, since they can be adapted to a wide variety of uses onshore, such as for storage or refuse of various materials. Shipping containers typically have useful lives of up to 15 years at sea and up to an additional 20 years of useful life on land. New containers are typically leased under long-term leases, followed by a series of shorter-term leases of used containers. Our ability to re-lease a container at the end of its first lease depends on our Shipping Containers team's market expertise and our global platform to ensure that containers that are off-lease are positioned in areas of high demand so that we are able to provide customers with products that meet their needs when and where they arise.

Our Products and Services

Our Shipping Containers division offers three principal types of services: leasing and related services, asset management and trading and sales, for our own equipment and on behalf of third-party investors.

Leasing and related services

We offer a range of different types of leasing solutions for shipping companies. In 2019, leasing and related services accounted for €65 million of total revenues, or 79%, of our revenues in the Shipping Containers division.

• Long-term leases are designed for customers seeking to secure a steady supply of containers at a steady price over the long-term. Lessees under these contracts undertake to lease a fixed number of containers for the duration of the lease at a fixed per diem rate. The initial term of these leases typically ranges from five to eight years. On 31 December 2019, the average duration of our long-term leases, including renewals and extensions, was approximately 6.6 years. They are often renewed at the end of their initial term. Pricing is on a per diem basis and fixed for the duration of the lease. Our long-term lessees are typically responsible for the repair and maintenance of the shipping containers that they lease.

- Master leases are arrangements with customers that set up a flexible framework agreement whereby the customer may lease shipping containers on demand, with no minimum leasing period. These lease arrangements are designed to provide our customers with added flexibility. The terms and conditions set forth in a master lease are valid for a set period, typically one year, and provide the lessee with a more flexible arrangement than a long-term lease. For example, during the term of the master lease, the lessee may lease a container for a period as short as one day. To compensate for this flexibility, the per diem rate, which is fixed for the term of the lease, is typically higher for master leases than they are for long-term leases. Master leases are predominantly used by lessees to satisfy container needs within a single region and to a lesser extent for intercontinental needs.

• Finance leases are designed for customers that want to secure a steady supply of containers and finance their purchase in a manner distinct from traditional bank lending. These leases can range in duration from three to ten years. At the end of the lease and upon making a final monthly payment, the customer becomes the owner of the shipping container.

In connection with our finance leases, we generally engage in back-to-back transactions with financial institutions to manage our exposure to a client’s credit risk.

- One-way leases are spot leases provided on a one-time-only basis to customers for a given transport type. We seize the opportunities to offer this type of lease when it is advantageous for us to relocate a container to another port or as part of our new container trading business.

- Sale and leaseback contracts are contracts by which we purchase fleets from shipping companies in order to lease them back.

Our shipping container lessees are responsible for the maintenance of the containers they have leased, as well as for their insurance. We typically are not liable for any loss, damage to property (including cargo) owned by the lessee or third parties arising out of the possession or use of a leased container. Further, contracts may not be terminated by the lessee unilaterally during the term of the lease.

Asset management

We provide management of shipping container portfolios for private companies and other institutional investors. Through our dedicated asset management team, we identify and analyse investor objectives such as length of investment period, cost of financing, performance metrics, leverage level, dividend policy and asset and customer diversification preferences. The key metric for our investors is return on investment (“ROI”). When acquiring containers, our Shipping Container management team assembles a report that sets forth this analysis and the expected ROI levels to be derived from the shipment of containers.

We are mandated by our investor partners to build for them a portfolio of assets, which can comprise new shipping containers, existing containers in our leasing fleet or containers subject to sale and leaseback arrangements or any combination thereof, with the aim of meeting their ROI objectives.

We enter into long-term management contracts with our investors, typically for a term of 12 to 15 years. Although we generally have already leased the containers to various lessees at the time we sell the portfolio to investors, generating a foreseeable cash flow stream for investors, we typically do not guarantee leasing rates or a rate of return on the portfolio to our investors.

During the life of the asset management contract, we manage the assets in the same manner that we manage our owned assets (that is, as if the assets in the portfolio did not belong to investors). At the inception of the contract, we receive a syndication fee that typically ranges from 2% to 5% of the book value of the containers being syndicated. During the leasing life of the container, we receive management fees of typically 5% to 10% of gross rental revenue. We receive incentive fees throughout the life of the contract upon the achievement of targeted ROI milestones. Upon an investor’s divestment, we either repackage the portfolio for syndication to a new investor, sell the underlying assets on the second-hand market, or repurchase the portfolio for our own benefit. If we sell the assets at the investor’s request, we typically earn a sales fee of typically between 5% and 15% of the sale price.

Asset pooling is a means of sharing both the risks and benefits of ownership of our leasing fleet. We include our owned assets and third-party owned assets of the same type and age in the same pool, in order to ensure our investors that our interests are aligned with theirs. Through this commingling, we are exposed to the danger of non-utilization of our assets to the same extent as our investors. In this way, our investors can take comfort that we are incentivised to manage syndicated equipment and manage our owned fleet in a similar manner.

We are able to track the performance of our assets under management through our proprietary fleet management platform. Our platform allows us to provide monthly reports to our investors on the status of our fleet, rental rates per type of asset, utilization rate, operating expenses and revenues attributable to an asset, to a lessee or to an investor. It also provides us with sophisticated tools that enable us to create “pools” of similar assets that allow the costs and revenues attributable to a particular unit to be distributed among various participants in a pool.

On 31 December 2019, our assets under management for third parties had a gross book value of approximately €589.3 million, accounting for 89% of the gross book value of our fleet of shipping containers.

Trading and Sales

We sell second-hand containers from our fleet that have reached the end of their useful life in the shipping transport industry, as part of our fleet renewal life cycle or when we believe it is financially attractive for us to do so, taking into account the location, sale price, cost of repair and possible repositioning expenses. We sell these containers for other uses than shipping, our customers include companies such as Pac-Van, K-Tainer, AceCastle, Interport Maintenance, Arnal, among others. In 2019, sales of equipment represented 21% of the total revenues for the division Our experienced Shipping Containers management team enables us to actively manage our fleet and seize second-hand sales opportunities as they arise.

- **Procurement of our fleet**

Consistent with market practice for all container lessors and the majority of shipping lines, we rely on third-party manufacturers to supply the shipping containers that make up our fleet. Production of shipping containers is highly concentrated. We estimate that three manufacturers serve about 85% of worldwide demand, with one manufacturer accounting for a little less than 50% of the global production alone in 2019.

Because of the dynamics of the shipping container industry and the relatively short lead time with which customers expect to be able to take delivery of a container once they have signed a lease agreement, we seek to have a supply of new containers available for immediate leasing on demand. As a result, in addition to the purchase of new containers in the ordinary course of business to replace ageing assets, we also purchase new containers for our leasing fleet to meet expected increases in customer demand. We have a policy limiting such non-replacement purchases to a cap of $25 million outstanding at any given time. As the case may be, we only purchase new assets if we have a leasing contract or syndication agreement in place.

We monitor the price of containers in order to purchase new containers opportunistically when we consider prices are attractive. The price of containers depends largely on the price of steel, which is the major component used in their manufacture. The price at which we lease our containers is strongly correlated with the price at which we have purchased the containers, in order to optimize the return on our investment. Nevertheless, because we regularly purchase containers in order to have a sufficient stock of containers ready to be leased upon customer demand, any effect of periodic fluctuations in container prices on our activity tends to level out with time.

The procurement cycle for a container is generally short. Manufacturers are usually able to provide us with a quote for containers meeting our specifications within two days, regardless of the size of our order. We negotiate terms such as price, the location and timing for delivery and payment terms. We benchmark the prices quoted with our general market intelligence, prevailing rental rates, historical price statistics and a cost analysis (based on steel prices at the time of the order as well as the exchange rate of the U.S. dollar to the Chinese Yuan). If we are able to negotiate satisfactory terms, we can confirm our order with a delivery date of 30-45 days after signing a purchase agreement. Production times can vary due to a number of factors, including the size of the order itself, general demand volume and the time of year.

Occasionally, we enter into sale and leaseback arrangements, through which we purchase used containers from our customers and lease the containers back to them, thereby enabling our customers to continue using these containers while no longer carrying them on their balance sheets. Such arrangements also allow customers to effectively outsource the disposal of used containers to lessors, which tend to have a wider network of outlets for the sales of such containers. Lessees continue to be responsible for repair and maintenance of the containers they lease back.

- **Financing Our River Barges Fleet**

We purchase containers for use in our rental fleet for the purpose of either owning them on our balance sheet or syndicating them to third-party investors for whom we manage such assets. On 31 December 2019, 89% of the gross book value of our container fleet was owned by third-party investors and 11% was owned by our Group.

When we purchase containers for our owned equipment fleet, we finance such purchases through drawings under our revolving credit lines or purchase it with cash on hand.

When we purchase containers for syndication, on the other hand, the financing process takes place in multiple steps. We are party to our TCF Warehouse Facility, which is an asset-based revolving facility upon which we can draw against the value of our shipping containers. We typically first either incur debt on our balance sheet to purchase a container for syndication through a temporary drawing under our revolving credit lines or purchase it with cash on hand. Once the new container is leased, we then refinance the container through our asset financing line (TCAF) in anticipation of syndicating the container to a third-party investor, in effect a type of short-term bridge financing. The container will remain subject to the asset financing line (TCAF) until such time as we syndicate it to a third-party investor. Once the container is sold, the proceeds of the sale are used to repay the drawing under the TCF Warehouse Facility.

- **Management of our fleet**

We believe that our ability to offer containers at the right place at the right time and at the right price is key to our success as a lessor. One of the main reasons why a shipping company may choose to lease rather than buy their own containers is to satisfy an imbalance of supply at key ports around the world, as the availability of a fleet of containers for lease at strategic ports around the world reduces the need for a shipping line to maintain excess container capacity and therefore reduces its capital expenditures and preserve cash.

To that end, we have developed a network of third-party owned and operated depots worldwide from which we can meet our customers' needs. On 31 December 2019, we had over 200 of these depots serving our division in approximately 40 countries. The depots, which generally consist of a staging area, storage space for our containers and an area in which maintenance can be carried out, serve as a base from which we can deliver containers to a customer as well as a drop-off point for containers at the end of a lease. These depots are located close to ports, and at larger ports, we may have more than one depot.

We have a fleet management software platform that allows our master lease customers to indicate when and where they will need to pick up a container for lease.

This system allows us to ensure that we are able to match our container fleet supply to demand at ports around the world. Upon the return of a container, our system automatically routes the container to the depot at that port, where it is evaluated. We are also able to effect repairs at our depots on returned containers to ensure that they are suitable for reuse. Any such repairs at the end of a lease are done at the expense of the lessee.

Marketing

Our primary means of marketing our services is through our periodic participation in requests for tenders from shipping companies. In general, shipping companies put out calls for tenders in the fourth quarter of every year to address their anticipated container needs for the first half of the following year, and then again in May or June to fulfil their total requirements for the remainder of the year. Shipping companies will specify the number and type of containers they will need, and where they will need them. Our decision to tender is based on our existing stock levels and our ability to purchase containers (if needed) to meet the company's requirements.

The process of tendering and negotiating contracts usually takes between 2 and 4 weeks. We negotiate terms such as price, payment terms, the duration of the build-up period which is the period of time given to a customer to take delivery of its containers, the duration of the build-down period which is the period of time given to a customer to return its containers, handling charges, the replacement value of a lost container, the depreciation rate on the value of each container and the list of locations where the customer can return its containers at the end of the lease.

Our key customers

We lease to numerous shipping companies, including the 25 largest shipping companies in the world, many of which have a history of leasing from us that dates back over 20 years. These customers include CMA-CGM, Evergreen, Hapag-Lloyd Container Line, Maersk, Mediterranean Shipping Company, Hyundai Merchant Marine, ONE, Yang Ming and ZIM. In 2019, no single customer represented more than 25% of the leasing revenues in the division.

4. Residual sales activity of modular buildings

Since the disposal in 2017 of the European and American leasing and sale activities of modular constructions, our only modular and industrialised construction activity is established in Morocco. We believe that a number of fundamental factors make Africa a prime geographic market for the sale of modular buildings for various end markets in the infrastructure, education, industrial, private and public sectors. The significant need for infrastructure (ports, dams, roads, schools and hospitals, for example) feeds the demand for industrialised modular buildings destined for use as they are or on construction sites. Modular buildings are typically used by customers in the construction industry for on-site facilities, such as offices, lodgings or changing rooms. They are also used by the industrial sector for offices and by the Education sector for classrooms or student accommodation. Modular and industrialised technology also seems ideal for the African continent by allowing it to very quickly have equipment at lower costs than traditional construction.

We manufacture and sell modular constructions, steel construction buildings and prefabricated elements to customers established in different regions in Africa.

Modular construction units are typically 3 meters in width and 6 meters in length, with steel frames that are mounted on a steel chassis. Modular buildings are structures composed of such units assembled in varying configurations to meet the needs of each customer. A single modular unit can be used on a standalone basis, or combined with others to make larger, more complex structures. Once assembled, modular buildings can be outfitted with materials used in conventional construction and can be equipped with electricity, running water, heating and air conditioning. Modular buildings can be used for a variety of purposes, such as construction site offices, classrooms, temporary and permanent office spaces, sales offices, sheds and temporary or emergency accommodation. In addition, we produce tailor-made industrialised buildings according to our customers' plans. These industrialised buildings are made from a metal structure sitting on a base of posts on flooring or a slab with load-bearing trusses to support the roofs. This technology makes it possible to manufacture large assemblies at low costs and can also house the materials used in traditional construction (interior and exterior cladding, for example).

We sell new prefabricated elements, according to the specifications of our customers.

We supply our customers in Africa from our plant in Morocco, and which has a production capacity of approximately 4,500 units per year.

5.1.2. New product or service

Not applicable.

5.2. Key markets

See paragraph 5.1.1.

5.3. Exceptional events

Not applicable.

5.4. Strategy and targets

5.4.1. Operational strategy: Improvement in performance and profitability

5.4.1.1 Sustainable transportation leasing services: Organic and selective growth

Freight railcars

Organic growth with investments in Europe and Asia financed by Touax (maintenance investment) and third party investors

Increase in revenue thanks to an increase in utilization rates and leasing

Barges

Selective investment (investment in the renewal of owned assets)

Start of an increase in the Touax-managed fleet financed by its partners to bolster management fees alongside income from owned assets

Containers

New investment (dry, refrigerated and special containers) with a higher share of owned assets to improve profitability and sustainability

Increase in sales volumes (trading of new and used containers) in addition to recurrent leasing activities

5.4.1.2 Sustainable transportation leasing services: Improvement in margins

Ongoing improvement programme and simplified processes at Group level

New fleet management organisation in the freight railcars activity to improve quality and customer satisfaction and manage growth: increase in revenue in 2019 thanks to an increase in utilisation rates and leasing

Optimisation of costs, maintain three flexible and progressive management platforms. Economies of scale achieved in 2019 with a €1.3 million reduction in general and administrative expenses

5.4.1.3. Modular building in Africa: increase in the value of our stake

Strategy to improve volumes and margins. Focus on the education sector. Signature of major contracts (deliveries of schools, colleges and student residences) in Morocco and Ivory Coast for more than €34 million)

Positive EBITDA target in 2020-2021, leading to an increase in the value of our 51% stake in Touax Africa

5.4.2. Asset management : Strategy and performance analysis

5.4.2.1 Investment through funds:

Touax is the exclusive operating partner of two sub-funds of a regulated Luxembourg alternative investment fund (Real Asset Income Fund S.C.A. SICAV-SIF) managed by Quamvest (AIF manager and risk management agent). Société Générale Bank & Trust S.A. acts as depositary, paying agent, central administrative agent and domiciliation and transfer agent, while Deloitte acts as auditor.

The Fund provides a European regulated fund structure with good legal protection, independent governance with delegated AIF management, structured leverage, organised liquidity after three years and an independent valuation process.

“Touax Transportation Asset Income EUR Sub Fund I” was launched in July 2016, and has more than 50 investors (family offices and institutional investors). In December 2019, it had holdings in two Irish SPVs with a portfolio of 3,453 freight railcars with a combined market value above €150 million, representing no change in relation to 2018.

“Touax Transportation Asset Income USD Sub Fund I” was launched in 2018. In December 2019, it raised equity of $9 million from nine investors and had holdings in an Irish SPV with a portfolio of 7,162 containers (Ceus).

5.4.2.2. Direct investments / managed accounts:

Touax works directly with infrastructure funds and institutional investors that invest directly in tangible assets managed by Touax Group.

Syndication of $28 million was established in 2019 in respect of containers and we have obtained commitments in principle for the investment of $50 million in 2020. In freight railcars, syndication of €12 million was established, and purchasing commitments have been signed for €45 million between now and 2022, of which €7 million anticipated in 2020.

5.4.3. Freight railcars: Medium-term outlook: growth in total managed assets: 15,000 railcars, including 12,000 in Europe and 3,000 in Asia

5.4.3.1. Market :

Europe : Recovery of rail traffic in Europe since 2013, with average annual growth of 1.3%. Growth in the utilisation rates of existing railcar fleets and increase in the manufacture of new railcars from 7,000 to 12,000 railcars per year to offset low investment in the past. Growth in the market share of lessors from 20% in 2004 to 30% in 2019 (source UIP).

Asia : Need for innovative railcars to increase load capacity, optimise traffic and reduce congestion on routes. New infrastructure projects favouring rail and container traffic: Development of the silk roads between China and Europe and new DFC (dedicated freight corridor) in India.

5.4.3.2. Touax's ambitions :

Europe : Better use of the existing fleet (>90%) and growth in profitability. Increase in the managed railcar fleet through organic growth in close collaboration with third party investors (infrastructure funds notably).

Asia : Maintain a utilisation rate of 100%. Increase the railcar fleet in line with growth in our client base and in rail traffic.

5.4.4. River barges: Medium-term outlook: Selective investment in the Seine, the Rhine and the Mississippi

5.4.4.1. Market :

Europe : Market growth in France (transportation of aggregates for building works in Greater Paris) and on the Rhine (transportation of grains and biomass). Greater awareness among European and government bodies around the ecological advantages of river transport. Significant public and institutional investment to boost the sector.

A stable market in the United States (fall in coal transport partly offset by increases in grain transport).

Gradual improvement in the market in South America (increase in grain transport but transport of iron ore still at a low level).

5.4.4.2. Touax's ambitions:

Europe : Projects to invest in new barges on the Rhine and the Seine with a view to becoming the preferred operator of industrial groups and obtaining support from governments to revive river transport in Europe (lease offering of large barges). Participation in several innovative studies (Novimar (automatic barges on convoy), Multiregio (Canal Seine Nord), etc … Touax becoming the operational partner of major institutional investors and infrastructure funds looking to invest in the sector: third party investment project (€120 million over four years).

Limited growth anticipated in the short term in South America and the United States: A project involving ten new barges on the Mississippi currently under study.

5.4.5. Containers: Medium-term outlook: gradually increase the proportion of owned assets

5.4.5.1. Market:

Fleet of 40 (Review of Maritime Transport 2019) million dry TEU containers at end-2019 with the need to replace 5% per year ($4.5 billion); increase in the price of new containers given the limited production capacity in China (Corona virus and new 1-5-10 rule).

After 1.7% growth in containerized trade in 2019, a new forecast made in March 2020 (source external market study) and including the impacts of the current health crisis anticipates a 5% drop in containerized world trade volumes

Downward revision of global GDP growth by the OECD to 2.4% (-0.5% versus forecast of November 2019) and by Moody's to 2.1% (versus 2.4%).

Increase in the market share of lessors from 40% to 52% over the last decade (Drewry Maritime Research: Container Insight Q4 2018). The current uncertainties around growth are increasing the need for flexibility and the market share of lessors.

In an environment of weaker growth, the utilisation rate of the container fleet remains high worldwide (>96%), indicating that global traffic levels have not contracted (taking all areas into account).

5.4.5.2. Touax's ambitions :

Since the sale of the modular building activity, strategic decision to gradually increase the ownership ratio of containers from 8% to over 20% in 2022 (more in line with the average Group ratio): significant accretive effect on EBITDA. Sharp increase in earnings on a like-for-like basis: +287% at end-December 2019.

Growth in the trading activity for new and used containers, which significantly complements the leasing activity. The rise in price of new containers is underpinning activity.

Development of leasing and sale of refrigerated containers.

Development of management for third parties.

5.5. DEPENDENCE ON PATENTS, LICENSES AND CONTRACTS

Not applicable.

5.6. COMPETITIVE POSITION

See paragraph 5.1.1 page 35.

5.7. INVESTMENTS

5.7.1.Significant investments made

The Group's activity is the leasing of transport equipment (freight railcars, river barges and shipping containers). The Group also has the cross-functional activity of third-party asset management.

The Group’s growth policy is based on new equipment lease agreements with its customers, requiring new investments funded by third-party investors as part of the Group’s management programs or by the Group using its own financing resources. In 2019, the share of assets owned by the Group had slightly increased compared with 2018. The investment strategy for each division is described in the paragraph "Procurement of the fleet" on page 40 for Freight Railcars, page 44 for River Barges and page 47 for Shipping Containers.

The Group is keen to pursue growth by increasing the amount of new equipment on long-term lease agreements. In 2020, the Group will continue to share new investments between its own account and third-party investors. The aim is to strengthen economies of scale, and to return to a return on equity. The return on equity corresponds to the ratio of net profit/shareholders' equity This is the concept usually calculated by financial analysts. These investments include Group-owned and third-party assets. To achieve these objectives, the Group balances out the ratio between managed and proprietary assets using a distribution rule that varies according to the business. On 31 December 2019, the breakdown of managed assets stood at 38% owned equipment and 62% equipment belonging to a third-party. The assets held by fully consolidated subsidiaries are wholly included in the Group's assets, even if the Group has invested in partnership with minority stockholders.

The Group's strategy of investing mainly in new long-term contracts helps limit the risks of re-letting and the sensitivity of the equipment's residual value. This strategy also facilitates the Group’s ability to find third-party investors and to finance itself in order to continue its development.

The Group's investment policy is to finance property assets in compliance with an LTV (loan to value) of 70% maximum. This ratio is calculated by comparing the total assets (excluding intangible assets and goodwill) with gross debt. Debt is made up of recourse debt and "non recourse" debt whose reimbursement is only guaranteed with rental income or the proceeds from selling the financed assets. Non-recourse financing is not guaranteed by the TOUAX SCA parent company. This type of financing supports the Group’s growth, while reducing risks for shareholders. The policy adopted by the Group is to maintain a debt-to-equity ratio (including non-recourse debt) of 2.5 to 1. This policy enables the Group to pre-finance assets to be sold to investors. Selling assets to investors is part of the Group’s strategy and it finances growth with limited recourse to debt. The Group’s growth generates economies of scale and increases margins.

The Group has access to all types of financing, short, medium and long-term loans, loans without recourse, operational leasing, leasing, factoring and assignment of receivables.

Lease agreements are classified as financial lease agreements when the Group benefits from the advantages and risks inherent in ownership. For example, clauses for the automatic transfer of ownership, options to buy at a value far below the estimated market value, equivalence between the lease term and the life of the asset or between the discounted value of future lease payments and the value of the asset are features that generally lead to lease agreements being classified as finance contracts.

Since 2017 and until the arrival of the Covid-19 health crisis, European economic conditions for the Freight Railcar activity were favourable and we have seen increases in leasing prices and/or utilisation rates. However, investors continued to show an interest in assets managed by the Group, which has made it possible to sign new management schemes for railcars and containers.

5.7.2. Significant investments in progress or firm investment commitments

On 31 January 2020, orders and investments in productive assets from third parties paid since the beginning of the year 2020 amounted to approximately €4.9 million. Orders and investments have been financed by cash and available credit lines.

At 31 December 2019, orders and firm investments in operational assets from third parties amounted to 82.7 million euros, including 2.4 million euros in freight railcars and 80.3 million euros in barges.

Firm investment commitments will be pre-financed via available credit lines. These investments will be sold, in part, to third-party investors as part of syndications mainly carried out within the Freight Railcar division.

5.7.3. Companies in which the issuer holds a share of capital likely to have a significant impact on its financial situation

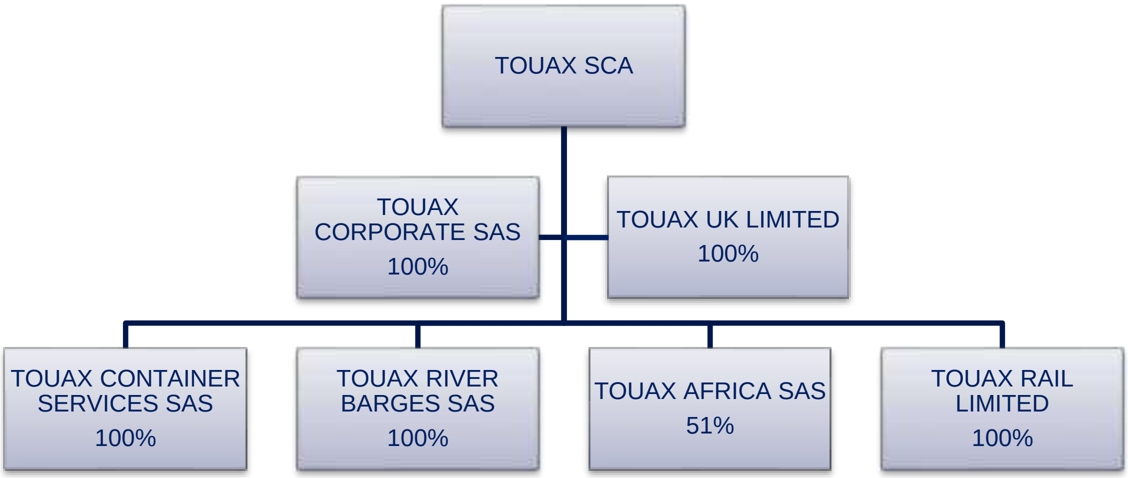
Not applicable.

5.7.4. Environmental issues that may influence the use of tangible capital assets

Environmental issues that could influence the use of our tangible fixed assets are set out in section 3 "Risk factors" page 32 and in the environmental information of the Report on social, environmental and societal responsibility of this universal registration document page 181.

6. ORGANIZATIONAL STRUCTURE

6.1. SIMPLIFIED GROUP ORGANISATIONAL CHART



6.2. LIST OF MAJOR SUBSIDIARIES

A list of all the Group's consolidated subsidiaries is presented on note 2.2 page 93 of the notes to the consolidated financial statements. The subsidiaries of TOUAX SCA are described in the table of subsidiaries and shareholdings on note 26.6 page 135 of the notes to the company financial statements.

The Group's two major subsidiaries in terms of revenue are TOUAX Container Leasing Pte Ltd, a Singaporean company and TOUAX Rail Ltd, an Irish company.

TOUAX Container Leasing Pte Ltd is a shipping container leasing business serving almost all of our customers throughout the world and it manages the TOUAX container fleet. Its business is significant in view of the large amount of equipment for leasing. TOUAX Rail Limited has a freight railcar leasing and sales business in Europe and it manages TOUAX's European freight railcar fleet.

The organization chart below is a simplified organization chart of the main operational companies of the Group classified by business activity. The percentages shown are rounded and correspond to the percentage of capital control, direct or indirect, of these entities by TOUAX SCA, parent company.

TOUAX Leasing Corp.	USA	100%	Leasing and sale of river barges
TOUAX Hydrovia Corp.	Panama	100%	Leasing and sale of river barges
Eurobulk Transport Maatschappij BV	Netherlands	100%	Leasing/chartering of river barges
CS de Jonge BV	Netherlands	100%	Leasing/chartering of river barges
Container business			
TOUAX Container Services SAS	**France**	**100%**	**Leasing and sale of containers**
TOUAX Container Leasing Pte Ltd	Singapore	100%	Leasing of containers
TOUAX Container Investment Ltd	Hong Kong	100%	Sale of containers
TOUAX Corp.	USA	100%	Leasing and sale of containers
Gold Container Corp.	USA	100%	Leasing and sale of containers
Modular building business			
TOUAX Africa SAS	**France**	**51%**	**Service company**
TOUAX Maroc SARL	Morocco	100%	Sale of modular buildings
RAMCO SARL	Morocco	100%	Leasing of modular buildings

The shares held in the capital of the company TOUAX INDUSTRIE MODULAIRE ALGERIE SPA (subsidiary of Touax Africa SAS) were sold on 20 and 28 May 2019.

7. ANALYSIS OF THE FINANCIAL POSITION AND INCOME

7.1. FINANCIAL POSITION

7.1.1.Evolution and income from activities

The review of the Group and the company's financial position is presented in the management report paragraph 22.1 page 151.

7.1.2.Future evolution of activities and R&D

The review of the Group and the company's future evolution is presented in the management report paragraph 22.1 page151.

There are no R&D activities.

7.2. OPERATING RESULTS

The review of the Group and the company's financial position is presented in the management report paragraph 22.1 page 151.

7.2.1. Important or unusual factors and new developments

Not applicable

7.2.2.Major changes

Not applicable

8. CASH AND CAPITAL

8.1. GROUP CAPITAL

The Group's financial resources and cash flow are detailed in the notes to the consolidated financial statements note 25 page 108 and in the note 34.3 on liquidity risks page 116 and note 34.4 interest rate risks page 117.

8.2. CASH FLOW

The Group's cash flow is described and explained in the cash flow statement in the consolidated financial statements in paragraph 18.1 pages 72 et seq.

8.3. BORROWING CONDITIONS AND FINANCING STRUCTURE

The Group uses a wide range of instruments to meet its financing requirements:

- spot (364 days) and overdraft lines are used for one-time financing of working capital requirements;
- bond loans used for general purposes and the Group's medium-term business;
- medium long-term loans and lines for financing assets with recourse (leasing, financial leasing, etc.) are used for financing assets kept by the Group;
- non-recourse credit lines are sometimes used for pre-financing assets (shipping containers and freight railcars) as well as the long-term financing of assets that the Group wishes to keep on its Balance Sheet.

The note 25 of the notes to the consolidated financial statements page 108 gives further details about borrowing conditions and the financing structure.

8.4. RESTRICTION ON THE USE OF CAPITAL THAT HAS HAD OR COULD HAVE A SIGNIFICANT DIRECT OR INDIRECT EFFECT ON THE ISSUER'S OPERATIONS

To the best of our knowledge, there are no restrictions on the cash flow of subsidiaries wholly-owned by the Group to the parent company, nor any restrictions on the use of this cash, with the exception of finance companies and subject to the compliance with certain financial ratios presented in the note 25 of the notes to the consolidated financial statements page 108.

The balances of cash and cash equivalents shown on the Group's balance sheet on 31 December 2019 include €16.2 million in cash that is not available for the Group's daily cash management. This balance corresponds for an amount of (i) €3.3 million to contractual reserves on asset financing companies, and for (ii) €12.6 million to the Cash-flow of companies not 100% owned.

8.5. EXPECTED SOURCES OF FINANCING IN ORDER TO MEET INVESTMENT COMMITMENTS

The financing sources are detailed in firm investment commitments paragraph 5.7.2 page 55.

9. Regulatory environment

Where applicable, the regulatory environment in which we operate and which may have a significant influence on our activities, measures or factors of an administrative, economic, budgetary, monetary or political nature that have had a significant impact or that may have a significant impact, directly or indirect, on our activities, are described in the section 3.4 “Risk Factors” of this universal registration document.

10. TREND INFORMATION

10.1. KEY TRENDS AS OF THE DATE OF THE UNIVERSAL REGISTRATION DOCUMENT

The main trends are detailed in the management report paragraph 22.1 page 151 and in the presentation of the Group's outlooks presented at the SFAF meeting of 25 March 2020 detailed in paragraph 24.4 page 222.

10.2. KNOWN TRENDS, UNCERTAINTIES, REQUESTS, ANY COMMITMENTS OR EVENTS LIKELY TO SIGNIFICANTLY AFFECT THE CURRENT FINANCIAL YEAR

Global growth has weakened. The latest estimates (IMF, World Bank, or OECD) date from January 2020 before the crisis caused by the COVID-19 virus. Since that date, the epidemic has turned into a pandemic and no part of the world has been spared. The main centres to date are the Middle East, Europe and the United States. Mostly, exceptional health measures are taken or recommended to avoid rapid spread with significant economic impacts: closing of borders, confinement, closing of all shops except for everyday necessities or health, closing of all places of leisure, in particular. The main sectors affected are, in descending order, tourism and leisure, aviation, cars, construction, everyday consumer goods and electronic goods, health. It is not possible to predict the duration of the crisis and its effects although the basic scenario is, thanks to a strong health response, a gradual recovery from the middle of the second quarter of 2020. The restrictions imposed are beginning to ease at the epicentre of the China crisis in Wuhan, after more than 70 days of confinement.

The health crisis is disrupting supply chains, weakening supply and demand with factories idling or shutdown and thus impacting trading volumes of goods. It is estimated that over the first two months of the year, volumes were down 10% compared to the previous year.

The Group's transport activities benefit from the leasing strategy on long-term contracts. This means that on the date this document was produced, there was no drop in the group's revenues, nor any significant impact from the health crisis. It is possible that these impacts will be seen in the more or less short term future depending on the intensity of the crisis and its duration. It is also possible that part of these impacts will be offset by storage needs or the transfer of road transport to river or rail transport.

A presentation of the forecasts for the Group given at the Financial Analyst Meeting on 25 March 2020 is detailed in paragraph 24.4 page 222.

11. PROFIT FORECASTS OR ESTIMATES

11.1. FORECAST OR ESTIMATED PROFIT PUBLISHED

Not applicable

11.2. MAIN ASSUMPTIONS

Not applicable

11.3. BASIS FOR FORECAST

Non Applicable

12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

12.1. CONTACT DETAILS FOR ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

The administrative, management and supervisory bodies are presented in the Report of the Supervisory Board in paragraph 23.2.4 page 197.

12.2. CONFLICTS OF INTEREST BETWEEN THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

Conflicts of interest are presented in the Report of the Supervisory Board in paragraph 23 page 194.

13. REMUNERATION AND BENEFITS

13.1. REMUNERATION OF CORPORATE OFFICERS

13.1.1. Remuneration of the executive directors

Terms for determining remuneration

The remuneration of the Managing Partners is specified in article 11.5 of the articles of association, which stipulates:

"*Each Managing Partner's annual remuneration with the scope of the general social security scheme is determined as follows:*

A fixed portion amounting to €129,354, together with benefits in kind up to a limit of 15% of the fixed salary, it being specified that this amount does not include the directors' attendance fees, payments or repayments of expenses received by the Managing Partners in respect of corporate mandates or duties performed in any of the company's subsidiaries, up to a limit of €80,000 per Managing Partner;

A gross amount of €850 per day during business trips outside France, as a family separation allowance;

The General Partners may only adjust these amounts within the limit of the cumulative change in the annual inflation rate published by the French national institute of statistics and economic studies (INSEE).

A variable portion not exceeding 0.50% of the TOUAX Group's consolidated EBITDA, after deducting the leasing income due to investors. For the purposes of this calculation, it is specified that the EBITDA is the consolidated gross operating surplus after deducting the net operating provisions. »

The compensation of the Managing Partners is revised annually in accordance with the provisions of the Articles of Association.

Any changes to their remuneration require the approval of the General Meeting of Shareholders and the express, written and unanimous agreement of the General Partners. »

The most recent change agreed at the General Meeting of 18 June 2008, was for the reduction of the variable portion of the Managing Partners' remuneration to 0.5 % of the Group's consolidated EBITDA less the leasing revenues owed to investors, instead of the previous 1% rate.

The terms of the remuneration of the Managing Partners are specified in the report of the Supervisory Board in paragraph 23.2.5 page 209.

Global remuneration

Table summarising the remuneration, options and shares attributed to each director *(in thousands of euros)*	**2019**	**2018**
Raphaël WALEWSKI - Managing Partner		
Remuneration due for the financial year	**578,3**	**521**
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**578,3**	**521**
Fabrice WALEWSKI - Managing Partner		
Remuneration due for the financial year	**601**	**544,2**
Valuation of options granted during the financial year		
Valuation of performance-related shares granted during the financial year		
TOTAL	**601**	**544,2**

Table summarising the remuneration attributed to each director *(in thousands of euros)*				
	2019		2018	
Raphaël WALEWSKI Managing Partner	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	156,8	156,8	153,5	153,5
Attendance fees and expense reimbursements	97,0	97,0	94,9	94,9
Annual variable remuneration	184,5	106,0	128,5	122,9
Travel allowance	116,5	116,5	121,1	121,1
Benefits of any kind	23,5	23,5	23	23
TOTAL	**578,3**	**499,8**	**521,0**	**515,4**
	2019		2018	
Fabrice WALEWSKI Managing Partner	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	156,8	156,8	153,5	153,5
Attendance fees and expense reimbursements	97	97	94,9	94,9
Annual variable remuneration	184,5	140,3	128,5	128,7
Travel allowance	139,2	139,2	144,3	144,3
Benefits of any kind	23,5	23,5	23	23
TOTAL	**601**	**556,8**	**544,2**	**544,4**

TOUAX provides the Managing Partners with the necessary equipment to perform their duties (car, mobile phone, computer, etc.).

Stock purchase or subscription options granted

No stock options were attributed to the executive directors

Free or performance-related shares

No performance-related shares or free shares were attributed to executive directors during the financial year or in a previous financial year.

Equity warrants

No equity warrants (free of charge) under Articles L.225-197-1 et seq. of the French Commercial Code were attributed to the corporate officers during the financial year.

More generally, no equity securities, debt securities or securities giving access to capital or entitlement to the allocation of debt securities were allocated to the corporate officers of the company or of the companies mentioned in Articles L.228-13 and L.228-93 of the French Commercial Code during the 2019 financial year. The Managing Partners are not stockholders of TOUAX SCA.

13.1.2. Remuneration of members of the supervisory board

(in thousands of euros) Name	Position	Nature of the remuneration	2019	2018
Jérôme Bethbeze	SB member	attendance fees	11,2	11,5
François Soulet de Brugière	SB member	attendance fees	8,9	8,6
Marie Filippi	SB member	attendance fees	7,7	8,6
Sylvie Perrin	SB member	attendance fees	9,7	8,6
Julie de GERMAY	SB member	attendance fees	7,7	8,6
Alexandre WALEWSKI	president of the SB	attendance fees	17,8	17,1
TOTAL ATTENDANCE FEES			**63,0**	**63,0**
($ thousands)				
Alexandre WALEWSKI	president of the SB	other remuneration	192,7	192,7
TOTAL OTHER REMUNERATION			**192,7**	**192,7**

Rules for distributing attendance fees are specified in the Report of the Supervisory Board page 209.

The members of the Supervisory Board do not receive any remuneration other than the attendance fees, apart from the fixed allowance that Alexandre WALEWSKI receives to cover expenses incurred in the course of his duties as Chair of the Supervisory Board. This allowance amounts to $48,175 per quarter in 2019, as it did in 2018.

No equity securities, debt securities or securities giving access to capital or entitlement to allocation of debt securities were allocated to the members of the Supervisory Board of the company or of the companies mentioned in Articles L.228-13 and L.228-93 of the French Commercial Code during the 2019 financial year.

13.2. PENSION AND OTHER BENEFITS

The General Partners benefit from the same pension scheme as the other managers of the Group. The Group has no "umbrella" pension scheme. They do not have supplementary pension plans.

The Directors shall not be entitled to any remuneration, indemnities or benefits due or likely to be due as a result of the taking, terminating or changing their position or subsequent thereto. The managers are also not entitled to any indemnities relating to a non-competition clause.

The Managing Partners have no labour contract with TOUAX SCA.

14. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

14.1. DURATION OF OFFICE

The operation of the administrative and management bodies is presented in the Supervisory Board report paragraph 23.2 page 195.

14.2. REGULATED AGREEMENTS

Regulated agreements are listed in the management report section 2.2 page 167 and included in the auditors' report page 142. Information on related parties appears in the note 35 page 119.

14.3. INFORMATION ON THE VARIOUS COMMITTEES

The report by the Supervisory Board sets out the functioning and organisation of the audit committee in paragraph (iv) page 200.

14.4. STATEMENT OF CONFORMITY WITH THE CORPORATE GOVERNANCE SCHEME

The statement of conformity with the company's governance system is presented in the Supervisory Board report paragraph 23.2.3 page 197, with the Group referring to the Middlenext Code.

14.5. SIGNIFICANT IMPACTS ON CORPORATE GOVERNANCE

The operation of the administrative and management bodies is presented in the Supervisory Board report paragraph 23.2.4 page 197.

15. EMPLOYEES

15.1. BREAKDOWN OF THE WORKFORCE

The breakdown in employees by geographic location and business segment as of 31 December 2018 is as follows:

	Freight railcars		River barges		Containers		Modular buildings		Central services		TOTAL	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Europe	61	59	9	9	20	22		1	24	23	114	114
Asia					11	12					11	12
Africa							103	126			103	126
N & S America					6	7			3	3	9	10
TOTAL	**61**	**59**	**9**	**9**	**37**	**41**	**103**	**127**	**27**	**26**	**237**	**262**

The section 22.2 page 175 details the Group's social information.

15.2. PROFIT-SHARING AND STOCK OPTIONS

The main profit sharing for the managing partners, general partners, and directors are detailed in chapter 16.1 page 69 of the universal registration document with the profit sharing of Alexandre Walewski (Chairman of the Supervisory Board), Fabrice Walewski (Managing Partner), Raphaël Walewski (Managing Partner), SHGP (general partner), and SHGL (general partner).

The company has not issued any stock options.

15.3. EMPLOYEE PARTICIPATION IN THE CAPITAL

An employee profit-sharing agreement has been put in place for all French entities, which does not give entitlement to shares in the capital. There was no shareholding in 2019.

TOUAX SCA does not have any profit-sharing agreements or employee shareholding plans.

16. MAIN SHAREHOLDERS

16.1. BREAKDOWN IN CAPITAL AND VOTING RIGHTS

There are no categories of shares or securities which do not represent capital. There is no treasury stock (TOUAX SCA shares held by its subsidiaries). The amount of TOUAX SCA shares held by TOUAX SCA is insignificant (0,13% at 31 December 2019).

Distribution of share capital and voting rights on 31 December 2019

capital	No. of shares	% of capital	Number of voting rights that can be exercised	% of voting rights that can be exercised	of which double voting rights that can be exercised
Alexandre WALEWSKI	814 854	11,62%	815 117	10,06%	263
SHGL	656 586	9,36%	1 203 246	14,84%	546 660
SHGP	731 331	10,43%	1 276 957	15,75%	545 626
Total Majority Group	**2 202 771**	**31,42%**	**3 295 320**	**40,65%**	**1 092 549**
City Financial Absolute Equity Fund (OEIC)*	374 220	5,34%	374 220	4,62%	
Public - registered securities	28 916	0,41%	39 913	0,49%	10 997
Public - bearer securities	4 396 435	62,70%	4 396 435	54,24%	
Treasury shares	9 205	0,13%	0	0,00%	
TOTAL	**7 011 547**	**100,00%**	**8 105 888**	**100,00%**	**1 103 546**

** To the knowledge of TOUAX*

TOUAX SCA is controlled by the WALEWSKI Family. SHGL and SHGP are the two General Partners of TOUAX SCA and are respectively wholly owned by Raphaël and Fabrice WALEWSKI. The Managing Partners are not stockholders of TOUAX SCA.

It should be noted that Alexandre, Fabrice and Raphaël WALEWSKI, the SHGL and the SHGP act in concert and jointly own 31.42% of TOUAX SCA, representing 40.65 % of the voting rights on 31 December 2019.

TOUAX SCA does not have an employee shareholding scheme.

The different types of voting rights are described in paragraph 16.2 below.

Breakdown of shares

As of 31 December 2019, 31.83% of the shares issued by TOUAX SCA were registered, and the remainder were bearer shares. 98.7% of registered shares are held by persons residing outside France.

Number of shareholders

The company does not regularly ask for reports on identifiable bearer shares and therefore does not know the exact number of shareholders. On 31 December 2019, there were 52 registered shareholders. The attendance sheet for the last Combined General Meeting of June 24, 2019, certified as accurate by the members of the bureau, shows that the shareholders present (including the general partners), represented or having voted by correspondence, together represent 3,608,941 shares and 4,706,089 voting rights, or 51.56% of the shares having voting rights.

Declarations and information to the AMF

In accordance with the Banking and Financial Regulation Act of 22 October 2010, the threshold for the obligation to file a draft takeover bid was lowered on 1 February 2011 from one third to 30% of the share capital and voting rights. A so-called grandfather clause applies for an unlimited period to shareholders who held between 30% and one third of the capital and voting rights on 1 January 2010: the previous threshold (33.33%) for a compulsory takeover bid will apply to these shareholders, provided that their interest remains between these two thresholds (Article 234-11 paragraph 1 of the General Regulation of the AMF).

The WALEWSKI family alliance, comprising Alexandre WALEWSKI, SHGL and SHGP, which held an interest of between 30% and 33.33% on 1 January 2010 (31.13% of the share capital representing 35.75% of the voting rights on this date) is affected by the provisions of Article 234-11 paragraph 1 of the General Regulation for its share capital holding and to this end made a shareholding declaration to the AMF published on 18 July 2011 in Notice No. 211C1275.

In other words, if the alliance exceeds the threshold of one third of the capital, it will be obliged to file a compulsory draft takeover bid.

To the knowledge of TOUAX, all of the shareholders who hold more than 5% of the share capital or voting rights are mentioned in the table above.

Changes in the shareholding

Shareholders	31/12/2019		31/12/2018		31/12/2017	
	Capital %*	Voting rights %*	Capital %*	Voting rights %*	Capital %*	Voting rights %*
Alexandre WALEWSKI	11,62%	10,06%	11,62%	10,13%	11,62%	10,22%
Société Holding de Gestion et de Location	9,36%	14,84%	9,36%	14,47%	9,36%	14,08%
Société Holding de Gestion et de Participation	10,43%	15,75%	10,43%	15,56%	10,65%	15,39%
Total WALEWSKI concert	**31,41%**	**40,65%**	**31,42%**	**40,16%**	**31,64%**	**39,69%**
Treasury shares	0,13%	0,00%	0,19%	0,00%	0,10%	0,00%
Qaero - Argos					5,31%	4,67%
City Financial Absolute Equity Fund (OEIC)	5,34%	4,62%	5,34%	4,65%		
Public (nominative and bearer)	63,12%	54,73%	63,05%	55,18%	62,95%	55,64%
TOTAL	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**

* to the knowledge of TOUAX

16.2. VARIOUS VOTING RIGHTS

Double voting rights

Double voting rights are granted for registered shares held at least five years by the same stockholder. Furthermore, free shares allocated on the basis of old shares with double voting rights also feature double voting rights. This clause is stipulated in the company's Articles of Association.

Limitation of voting rights

The company's shares do not have any limitation of voting rights, except where stipulated by law.

16.3. DESCRIPTION OF THE TYPE OF CONTROL

The TOUAX Group is a partnership limited by shares under French law which by nature is controlled by the general partners. It has two general partners: SHGP and SHGL. These two companies belong to Fabrice and Raphaël WALEWSKI respectively.

Furthermore, Alexandre WALEWSKI, SHGP and SHGL acted in concert in 2019. This alliance is a de facto alliance that was established in 2005 during the conversion into a partnership limited by shares under French law. In total, on 31 December 2019 this concert held 31.41% of the shares and 40.65% of the voting rights.

A change of control requires, therefore, a change in the composition of both general partners and limited partners.

The Supervisory Board provides ongoing supervision of the management of Managers but cannot intervene in the management of the company.

The Group is committed to respecting the governance rules recommended by the Middlenext Code and even goes further with a majority of independent members on the Supervisory Board.

The general partners cannot participate in the vote regarding the appointment of members of the Supervisory Board at an annual general meeting.

Finally, the Supervisory Board produces a report on the conduct of company affairs and on the financial statements at the Annual General Meeting.

16.4. AGREEMENT THAT MAY RESULT IN A CHANGE OF CONTROL

There is no shareholder pact type agreement providing preferential conditions for the sale or purchase of shares likely to be transmitted to the French Financial Markets Authority (Autorité des Marchés Financiers AMF).

17. RELATED PARTY TRANSACTIONS

The Group has not entered into any significant transactions with related parties other than those described in the Notes to the consolidated financial statements 18.1 note 35 page 119 (see the auditors' report on regulated agreements, paragraph 18.3.3 page 142).

18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND INCOME

18.1. HISTORICAL FINANCIAL INFORMATION

18.1.1. Consolidated financial statements

The consolidated financial statements of TOUAX SCA are presented in accordance with International Financial Reporting Standards (IFRS).

note n°	Consolidated income statement, presented by function at 31 December *(in thousands of euros)*	2019*	2018
	Leasing revenues on owned equipment	50 211	45 145
	Leasing revenues on managed equipment	62 823	72 167
	Ancillary services	21 811	17 228
	Total leasing activity	**134 845**	**134 540**
	Sales of owned equipment	27 348	17 220
	Margin on sales of managed equipment	4 894	1 529
	Total sales of equipment activity	**32 242**	**18 749**
	REVENUES	**167 087**	**153 289**
	Fees on syndication	1 467	997
	Capital gains or losses on disposals unrelated to recurring activities	455	255
4	**Revenue from activities**	**169 009**	**154 541**
	Cost of sales of equipment	(22 644)	(13 644)
	Operating expenses	(33 873)	(33 955)
	General and administrative expenses	(22 202)	(23 842)
	GROSS OPERATING MARGIN (EBITDAR)	**90 290**	**83 100**
9	Net distributions to investors	(53 392)	(57 403)
	EBITDA	**36 898**	**25 697**
10	Depreciation and impairments	(21 763)	(17 741)
	CURRENT OPERATING INCOME	**15 135**	**7 956**
11	Other operating income and expenses		156
	OPERATING INCOME	**15 135**	**8 112**
	Income in cash and cash equivalent	38	20
	Gross cost of financial debt	(11 884)	(10 081)
	Net cost of financial debt	**(11 846)**	**(10 061)**
	Other financial income and expenses	(2 603)	(182)
12	**NET FINANCIAL EXPENSE**	**(14 449)**	**(10 243)**
	Profit (loss) of investments in associates		
	CURRENT INCOME BEFORE TAXES	**686**	**(2 131)**
13	Income tax benefit (expense)	(1 485)	(475)
	Net income from retained activities	(799)	(2 606)
14	Net income from discontinued activities	(741)	(955)
	GLOBAL CONSOLIDATED NET INCOME	**(1 540)**	**(3 561)**
	Including portion attributable to:		
	- Non-controlling interest (minority interests) in retained activities	1 158	597
	- Non-controlling interest (minority interests) in discontinued activities		
	GROUP SHARE OF NET INCOME	**(2 698)**	**(4 158)**
	Of which net income from retained activities	(1 957)	(3 203)
	Of which net income from discontinued activities	(741)	(955)
15	**Net income per share (Euro)**	**(0,39)**	**(0,59)**
15	**Diluted net earnings per share (Euro)**	**(0,39)**	**(0,59)**

(*) On the 1st of January 2019, IFRS 16 "Leasing contract" has been applied according to the simplified retrospective method. As a consequence, the 2018 financial statements have not been restated, except for the separate presentation of the ancillary services (see note 1.1).

Consolidated income statement, presented by type at 31 December note n°	*(in thousands of euros)*	2019*	2018
	REVENUES	**167 087**	**153 289**
	Fees on syndication	1 467	997
	Capital gains or losses on disposals unrelated to recurring activities	455	255
4	**Revenue from activities**	**169 009**	**154 541**
5	Purchases and other external expenses	(63 032)	(55 168)
6	Staff Costs	(15 826)	(15 931)
7	Other operating income and expenses	(1 878)	(6 391)
	GROSS OPERATING PROFIT	**88 273**	**77 051**
8	Operating provisions	2 017	6 049
	GROSS OPERATING MARGIN (EBITDAR)	**90 290**	**83 100**
9	Net distributions to investors	(53 392)	(57 403)
	EBITDA	**36 898**	**25 697**
10	Depreciation and impairments	(21 763)	(17 741)
	CURRENT OPERATING INCOME	**15 135**	**7 956**
11	Other operating income and expenses		156
	OPERATING INCOME	**15 135**	**8 112**
	Income in cash and cash equivalent	38	20
	Gross cost of financial debt	(11 884)	(10 081)
	Net cost of financial debt	**(11 846)**	**(10 061)**
	Other financial income and expenses	(2 603)	(182)
12	**NET FINANCIAL EXPENSE**	**(14 449)**	**(10 243)**
	Profit (loss) of investments in associates		
	CURRENT INCOME BEFORE TAXES	**686**	**(2 131)**
13	Income tax benefit (expense)	(1 485)	(475)
	Net income from retained activities	(799)	(2 606)
14	Net income from discontinued activities	(741)	(955)
	GLOBAL CONSOLIDATED NET INCOME	**(1 540)**	**(3 561)**
	Including portion attributable to:		
	- Non-controlling interest (minority interests) in retained activities	1 158	597
	- Non-controlling interest (minority interests) in discontinued activities		
	GROUP SHARE OF NET INCOME	**(2 698)**	**(4 158)**
	Of which net income from retained activities	(1 957)	(3 203)
	Of which net income from discontinued activities	(741)	(955)
15	**Net income per share (Euro)**	**(0,39)**	**(0,59)**
15	**Diluted net earnings per share (Euro)**	**(0,39)**	**(0,59)**

(*) On the 1st of January 2019, IFRS 16 "Leasing contract" has been applied according to the simplified retrospective method. As a consequence, the 2018 financial statements have not been restated, except for the separate presentation of the ancillary services (see note 1.1).

Statement of comprehensive income for the period *(in thousands of euros)*	2019	2018
Profit (loss) for the financial year	**(1 540)**	**(3 561)**
Other items of the comprehensive income, net of taxes		
Differences on conversion	350	987
Differences on conversion on net investment in subsidiaries	434	551
Gains and losses made on cash-flow hedging instruments (effective portion)	(247)	(265)
Tax on comprehensive income items	30	39
Other items of the comprehensive income that may be subsequently reclassified as net income	**567**	**1 312**
ORNANE fair value change attributable to credit risk (application of IFRS 9)	390	(390)
Other items of the comprehensive income that cannot be subsequently reclassified as net income	**390**	**(390)**
Total Other items of comprehensive income, net of taxes	**957**	**922**
of which non-controlling interests (minority interests)	(45)	(130)
of which Owners of the Group's parent company	1 002	1 052
	957	**922**
Net income for the year		
of which non-controlling interests (minority interests)	1 158	597
of which Owners of the Group's parent company	(2 698)	(4 158)
	(1 540)	**(3 561)**
Global income for the year		
of which non-controlling interests (minority interests)	1 113	467
of which Owners of the Group's parent company	(1 696)	(3 106)
GLOBAL PROFIT/LOSS	**(583)**	**(2 639)**

Consolidated balance sheet on 31 December

note n°	(in thousands of euros)	2019*	2018
	ASSETS		
16	Goodwill	5 101	5 101
17	Intangible assets	714	749
18	Tangible assets	296 856	288 172
19	Right of use	16 140	
20	Long-term financial assets	5 250	11 142
20	Other non-current financial assets	1 104	2 352
13	Deferred tax assets		95
	TOTAL non-current assets	**325 165**	**307 611**
21	Inventories and Work in Progress	43 666	67 184
22	Trade receivables	28 474	29 108
23	Other current financial assets	10 264	6 255
24	Cash and cash equivalents	39 277	29 246
	TOTAL current assets	**121 681**	**131 793**
	TOTAL ASSETS	**446 846**	**439 404**
	LIABILITIES		
	Share capital	56 092	56 092
	Hybrid capital	50 161	50 161
	Reserves	(5 791)	2 962
	Income for the period, Group's share	(2 698)	(4 158)
	Shareholders' equity attributable to owners of the Group's parent company	**97 764**	**105 057**
	Non controlling interests (Minority interests)	25 321	24 057
27	**Shareholders' equity**	**123 085**	**129 114**
25	Loans and Financial liabilities	115 009	168 972
26	Long-term lease liabilities	11 097	
13	Deferred tax liabilities	2 616	2 114
29	Pension and similar liabilities	439	353
30	Other long-term liabilities		543
	TOTAL non-current liabilities	**129 161**	**171 982**
28	Provisions	95	504
26	Short-term lease liabilities	1 895	
25	Borrowings and current bank facilities	123 585	56 544
31	Trade payables	16 099	14 084
32	Other current liabilities	52 926	67 176
	TOTAL current liabilities	**194 600**	**138 308**
	TOTAL LIABILITIES	**446 846**	**439 404**

(*) On the 1st of January 2019, IFRS 16 "Leasing contract" has been applied according to the simplified retrospective method. As a consequence, the 2018 financial statements have not been restated, except for the separate presentation of the ancillary services (see note 1.1).

Change in consolidated shareholders' equity

(in thousands of euros)	Share capital (2)	Premiums (2)	Consolidated reserves	Conversion reserves	Cash flow hedge (1)	Overall income for the period	Shareholders' equity attributable to owners of parent company	Non controlling interests (Minority interests)	TOTAL Shareholders' equity
Situation on 1 January 2018	**56 092**	**7 195**	**58 487**	**9 020**	**(58)**	**(18 040)**	**112 696**	**23 997**	**136 693**
Other items of the comprehensive income that may be subsequently reclassified as net income				1 715	(273)		**1 442**	(130)	**1 312**
Other elements of the comprehensive income that cannot be subsequently reclassified as net income					(390)		**(390)**		**(390)**
Profit/loss for the period						(4 158)	**(4 158)**	597	**(3 561)**
TOTAL accounted expenses and income				**1 715**	**(663)**	**(4 158)**	**(3 106)**	**467**	**(2 639)**
Capital increases								432	**432**
Repayment of shareholders' equity								(539)	**(539)**
Statutory remuneration of general partners		(269)					**(269)**		**(269)**
Appropriation of overall 2017 net income			(18 040)			18 040			
Dividends								(300)	**(300)**
Hybrid Capital Coupon			(4 039)				**(4 039)**		**(4 039)**
Change in the scope of consolidation									
Other			(36)				**(36)**		**(36)**
Pension liability			(147)				**(147)**		**(147)**
Treasury shares			(42)				**(42)**		**(42)**
on 31 December 2018	**56 092**	**6 926**	**36 183**	**10 735**	**(721)**	**(4 158)**	**105 057**	**24 057**	**129 114**
Situation on 1 January 2019	**56 092**	**6 926**	**36 183**	**10 735**	**(721)**	**(4 158)**	**105 057**	**24 057**	**129 114**
Other items of the comprehensive income that may be subsequently reclassified as net income				821	(209)		**612**	(45)	**567**
Other elements of the comprehensive income that cannot be subsequently reclassified as net income					390		**390**		**390**
Profit/loss for the period						(2 698)	**(2 698)**	1 158	**(1 540)**
TOTAL accounted expenses and income				**821**	**181**	**(2 698)**	**(1 696)**	**1 113**	**(583)**
Capital increases								382	**382**
Repayment of shareholders' equity									**0**
Statutory remuneration of general partners		(257)					**(257)**		**(257)**
Appropriation of overall 2018 net income			(4 158)			4 158			
Dividends								(310)	**(310)**
Capital Hybride Issuance									
Hybrid Capital Coupon			(5 230)				**(5 230)**		**(5 230)**
Change in the scope of consolidation								73	**73**
Other			(73)				**(73)**		**(73)**
Pension liability			(52)				**(52)**	6	**(46)**
Treasury shares			15				**15**		**15**
on 31 December 2019	**56 092**	**6 669**	**26 685**	**11 556**	**(540)**	**(2 698)**	**97 764**	**25 321**	**123 085**

(1) The effective part of the cash flow hedge on interest rate instruments is recognised in shareholders' equity

(2) Including redeemable warrants and stock options

Consolidated cash flow statement on 31 December

	(in thousands of euros)	2019*	2018
	Net income from retained activities	(799)	(2 606)
	Net income from discontinued operations	(741)	(955)
	Depreciation and provisions	21 359	17 760
	Change in deferred tax items	626	532
	Capital gains and losses on disposal of fixed assets	(2 393)	(2 093)
	Other non-cash income and expenses	1 453	1 148
	Self-financing capacity after cost of net financial debt & tax	**19 505**	**13 786**
	Net cost of financial debt	11 846	10 061
	Interests paid on lease agreement**	366	
	Current tax expense	859	(57)
	Self-financing capacity before cost of net financial debt & tax	**32 576**	**23 790**
	Current tax expense	(859)	57
A	Change in working capital requirement related to activity excluding changes in inventories	4 529	10 764
B	Stock variation	6 053	(42 974)
C	Change in investment working capital requirement	(17 027)	24 296
	Acquisition of assets for leasing	(31 856)	(21 568)
	Proceeds from disposal of assets	14 639	9 466
	Net impact of finance leasing to clients	293	866
	sub-total	(27 898)	(29 914)
I	**CASH FLOW GENERATED BY OPERATING ACTIVITIES**	**8 348**	**4 697**
	Investment Operations		
	Acquisition of intangible & tangible assets	(291)	(549)
	Acquisition of financial assets		
	Net change in loans and advances	2 304	(1 149)
	Proceeds from disposal of assets other than those intended for leasing	456	279
	Cash flows from the subsidiaries (perimeter entries or exits)	468	
	Proceeds from disposal of financial assets	73	
II	**CASH FLOWS RELATING TO OTHER INVESTMENT OPERATIONS**	**3 010**	**(1 419)**
	Financing Operations		
	Receipts related to new borrowings	63 481	111 519
	Repayment of loans	(43 972)	(101 836)
	Net change in financial debts	**19 509**	**9 683**
	Lease liabilities	(1 825)	
	Net increase in shareholders' equity (capital increase)	385	(111)
	Net cost of financial debt	(11 846)	(10 061)
	Interests paid on lease agreement**	(366)	
	Distribution of dividends to TOUAX SCA shareholders		
	Distribution of dividends to minority shareholders	(30)	(377)
	Statutory remuneration of general partners	(257)	(269)
	Hybrid capital payment coupons	(5 230)	(4 039)
	Other	(24)	(23)
	Disposal (acq.) Net treasury shares	15	(42)
III	**CASH FLOW RELATED TO FINANCING OPERATIONS**	**331**	**(5 239)**
	Effect of exchange rate fluctuations	28	56
IV	**CASH FLOW RELATED TO EXCHANGE RATE CHANGES**	**28**	**56**
	CHANGE IN NET CASH (I) + (II) + (III) + (IV)	**11 717**	**(1 905)**
	Analysis of cash flow change		
	Cash at beginning of year	26 857	28 762
	Cash at end of year	38 574	26 857
	Change in net cash	**11 717**	**(1 905)**

(*) On the 1st of January 2019, IFRS 16 "Leasing contract" has been applied according to the simplified retrospective method. As a consequence, the 2018 financial statements have not been restated, except for the separate presentation of the ancillary services (see note 1.1).

(**) Interests paid on lease agreement are presented under the item "Other financial income and expenses" of the Consolidated income statement.

	(in thousands of euros)	**2019**	2018
	Decrease / (Increase) in inventories and work in progress	6 053	(42 974)
B	**Change in inventory**	**6 053**	**(42 974)**
	Decrease / (Increase) in accounts receivable	1 154	3 542
	Decrease / (Increase) in other current assets	(1 018)	(313)
	(Decrease) / Increase in trade payables	3 218	1 660
	(Decrease) / Increase in other liabilities	1 175	5 875
A	**Change in WCR related to activity excluding inventory change**	**4 529**	**10 764**
	Decrease/(Increase) in receivables/fixed assets & related accounts		
	(Decrease)/Increase in liabilities/fixed assets & related accounts	(17 027)	24 296
C	**Change in investment WCR**	**(17 027)**	**24 296**

The net change in cash presented in the cash flow statement corresponds to the change in cash and cash equivalents included on the balance sheet after deducting bank overdrafts. Bank overdrafts at 31 December 2019 totalled €704 thousand.

According to the amendment to IAS 7: *"cash payments to manufacture or acquire assets held for leasing to others and subsequently held for sale as described in paragraph 68A of IAS 16 "Tangible assets" are cash flows resulting from operating activities. The cash receipts from leasing and subsequent sales of such assets are also cash flows from operating activities."*

Therefore, the cash flow statement shows the Group's investments in leasing equipment and the income from sales of leasing equipment under cash flow from operations instead of cash flows from investing activities, in accordance with IFRS. Similarly, repayments of finance lease receivables are presented in operating flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant events and post-closure events

Significant events

Touax SCA set up with an institutional investor on June 21, 2019 a €40 million "senior secured in fine" loan with a 5-year maturity. This financing has enabled the extension of the average maturity of the Group's debt and is in line with the Group's growth and profitability strategy:

- the refinancing of redeemable bonds (ORNANE) with a nominal value of €23 million maturing on July 10, 2020, which was fully repaid in 2019,
- support for the implementation of a progressive investment plan.

Touax SCA paid a coupon to the holders of TSSDIs for an amount of €4 million in August 2019 and €1.2 million in November 2019.

On 1 August 2019, Touax SCA completed a senior unsecured Euro PP bond issue at a nominal amount of €10 million with a maturity date of 1 February 2025.
The proceeds of this issue were used to finance the Group's investments and increase the average debt maturity.

Post-balance sheet events

The COVID-19 coronavirus epidemic began in December 2019 in Wuhan, China. This epidemic then turned into a pandemic and spread to all regions of the world with current main focus in the Middle East, Europe and the United States of America. Significant health measures have been implemented by many countries to limit the spread of the virus: travel restrictions, compulsory quarantine periods for people from affected regions, closing of borders, confinement of populations, closing of shops other than those basic necessities, closing of hotels, theaters, public places, etc. These measures are causing major economic disruption with implications for international freight traffic and the financial health of many businesses. Such events could result in the inability of the Group to lease its equipment and the inability of the Group's lessees to meet their lease payment obligations to the Group, which, in turn, would have a material adverse effect on the financial results of the Group.

NOTE 1. ACCOUNTING RULES AND METHODS

note 1.1. BASIS FOR PREPARATION AND PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Approval of the financial statements

The annual financial statements to 31 December 2019 and associated notes were approved by the TOUAX SCA Management Board on 24 March 2020 and presented to the Supervisory Board on 25 March 2020.

Accounting rules and methods

Pursuant to Regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and the European Council, the consolidated financial statements of the TOUAX Group for the 2019 financial year were prepared in accordance with IFRS (*International Financial Reporting Standards*) published by the IASB (*International Accounting Standards Board*) at closure date of 31 December 2019 as adopted by the European Union.

New standards, amendments and interpretations adopted by the European Union which must be applied from 1 January 2019

Impact of IFRS 16 "leases" on the consolidated accounts:

For contracts in which the Group is a lessee, Touax uses the simplified retrospective transition approach, without measuring the value of the right of use underlying the contract for the application of IFRS 16 at 1st January 2019. As a result, comparative data for 2018 has not been restated, except for the ancillary services that are now presented on a different line from leasing revenues in 2019 and 2018 for respectively €21.8 million and €17.2 million.

The impacts of this new standard on the presentation of the financial statements as of January 1, 2019 are as follows:

Consolidated balance sheet *(in thousands of euros)*	**Balance sheet published as at 12.31.2019**	**IFRS 16 ADJUSTMENTS**			**Restated balance sheet as at 01.01.2020**
		Commitments on real estate contracts	**Reclassification of real estate/financial lease liabilities**	**Commitments on non-operating property contracts**	
Tangible assets	288 172		(12 439)		275 733
Right of use		2 762	12 439	320	15 521
Total non-current assets	**307 611**	**2 762**		**320**	**310 693**
Total current assets	**131 793**				**131 793**
TOTAL ASSETS	**439 404**	**2 762**		**320**	**442 486**
Total shareholders' equity	**129 114**				**129 114**
Borrowings and financial liabilities	168 972		(2 575)		166 397
Rental liability LT		2 034	2 575	224	4 832
Total non-current liabilities	**171 982**	**2 034**		**224**	**174 239**
Lease liability ST		728	3 773	96	4 598
Borrowings and current bank facilities	56 544		(3 773)		52 771
Total current liabilities	**138 308**	**728**		**96**	**139 133**
TOTAL LIABILITIES	**439 404**	**2 762**		**320**	**442 486**

The TOUAX Group is an operational rental company of standard sustainable transport equipment. Thus Touax signs rental contracts with its customers. These contracts are further developed in note 1.20.3. These contracts are evaluated as lessor according to IFRS 16 as specified below.

Touax as lessor:

- The Group was not required to make adjustments to leases on the transition date, in accordance with IFRS 16.C14.
- Consequently, there is no impact on turnover, with the exception of ancillary services, which are now presented on a different line from leasing revenues.

In addition, the Touax Group manages equipment on behalf of third parties. Relations between investors and the Group are formalized under management contracts. Under these contracts, revenues from equipment leased by the Group to its customers are paid to investors less the Group's management fees and direct equipment expenses. In accounting terms, these distributions to investors are reported as variable lease payments; they are variable because they depend on the leasing of this equipment, the payment of said leases by customers, and the expenses generated by this equipment. These management contracts are described more fully in note 1.20.8. In accordance with IFRS 16, the Group leases equipment from investors (with variables leases payments) and subleases it to its customers. These contracts are classed under IFRS 16 as "intermediate lessor" as specified below.

Touax, as intermediate lessor:

- In accordance with transitional provisions, the Group has reassessed the classification of subleases at 1 January 2019.
- A sub-lease is classed as a financial lease if the lessor transfers almost all risks and advantages of ownership to the lessee, the asset being, in this case, the right to use and not the equipment itself:
  - Touax never transfers ownership of the asset to the lessee at the end of the contract term.
  - The lessee almost never has an option to purchase.
  - At date, no lease covers the major part of the residual life of the right of use.
  - At contract inception, the present value of lease payments is less than the majority share of the fair value of the leased asset.
  - The equipment rented is standard and never bespoke.

  Equipment sub-leases are therefore classed as simple leases. There is therefore no impact on sales income. Ancillary services are now presented on a different line from leasing revenues.
- The application of the March 2019 IFRIC decision could impact the current evaluation of the Group.
  IFRS 16 expands the scope of intermediate lessors and sale and leaseback transactions. The Group's management activity combines both. Group equipment purchases are carried on the balance sheet. It rents its equipment to customers (on a simple operating lease basis). It then sells some of its equipment to investors and at the same time agrees management contracts with them ("syndication transaction"). A return is not guaranteed to investors. At this stage, Touax considers that the syndication fees - which correspond to the gain on disposal - must be recognised in full and that no right-of-use asset is to be recognised, since the income distributed to investors is variable and depends on the profitability of the equipment (the Group does not guarantee any return). Under IFRS 16, the Group is considered to have entered into a sale and leaseback transaction with the investor and to have subleased the equipment to its customers as an intermediate lessor. In other words, syndication operations can be analysed as sale and leaseback transactions under IFRS 16.

Discussions are ongoing within the IFRS Interpretation Committee (IFRS-IC) regarding sale and leaseback transactions which include variable rentals. Leases resulting from a sale and leaseback transaction may require the recognition of a right of use and a lease liability even though the rental income and distributions are variable.
Depending on the progress of these discussions, Touax may have to reconsider its accounting treatment of syndication and sub-leasing of syndicated equipment. Syndication transactions may have to be accounted for as sale and leaseback transactions, in which control of the asset is transferred to the investor at the time of sale. In which case, commission may be only partially accounted for or not at all in profit or loss at the time of the transaction. As a result, a right of use and a liability may have to be accounted for on the balance sheet despite the variability of rents. Subleases would then be classed as either simple and financing with regard to right of use.
Pending a final IFRS-IC decision, Touax has used the accounting treatment above and fully accounted for syndication fees for an amount of €1,467 thousand without right of use or liability on the balance sheet for transactions in fiscal year 2019.
Only transactions completed after 1st January 2019 will be affected by a final decision by the IFRS-IC, since paragraph C16 of IFRS 16 stipulates that entities should not reassess any transfers of control under IFRS 15 for sale and leaseback transactions prior to the date of initial application, nor should they revise the accounting treatment of transactions prior to the transition date. In accordance with IFRS 16.C18.a, Touax has accounted for operating leases from past transactions like other contracts in which Touax is a lessee, with no right of use recognised on the balance sheet, since the lease payments made to investors are totally variable.
To date, the published decision is provisional. The final decision will be published at the earliest in June 2020 and at the latest in the second half of 2020.

Finally, the Group may be a lessee, for example in the context of river barge leasing operations or for the rental of its offices. These contracts are classed under IFRS 16 as lessee as indicated below.

Touax as lessee:

- Because the Group has adopted the simplified retrospective transition approach for leases in which it is a lessee, the book value of financial leases is not adjusted at the transition date.
- Finance leases thus previously capitalized in the balance sheet are unchanged except for their classification; Equipment previously under finance leases is classed as assets with right of use and financial liabilities associated with these leases are classed as lease liabilities.
- Under IFRS 16, most operating leases are now capitalised. The Group has retained the exemption proposed by the standard not to activate short-term or low-value contracts. Consequently, for leases whose residual duration is greater than 1 year on the transition date or whose underlying new asset value is greater than $5,000, a single model applies which records the leasing debt as a liability and the right of use as an asset. On the transition date, the amount of assets is equal to the lease debt calculated by discounting the remaining lease payments due from 1st January 2019.
- The Group has chosen not to separate the service part, with the exception of real estate contracts.
- Among other simplifications put forward for the transition, the Group:
    - has chosen to applicate a single discount rate to a portfolio of vehicle leases; these contracts have similar charateristics;
    - has chosen to use previous acquired knowledge to determine the duration of contracts with options;
    - has chosen not to reassess contracts which end in the 2019 financial year.
- The lease expense is therefore cancelled and replaced by a depreciation expense and an interest expense. Under the simplified transition method, the 2018 income statement and balance sheet are not adjusted.

Capitalized leases are property leases, vehicle leases, finance leases or operational leases of river barges. As a reminder, financial lease contracts were already activated under IAS 17.

The reconciliation between the off-balance sheet lease commitments and the IFRS 16 lease liability is presented in the table below:

(in thousands of euros)	
Off balance sheet commitments at 31 December 2018	**2 386**
Commitments on short-term or low-value contracts	(458)
Consideration of rents for optional terms	1 077
Refresh effect	(242)
Reclassification of finance lease debts as rent debts	6 348
Commitments on non-operating property contracts (vehicles and copiers)	320
Lease liabilities on 1 January 2019	**9 431**

The IFRIC's ruling of November 2019 may impact the determination of the enforceable terms, in particular, of leases with no contractual expiry date and tacitly renewable leases. In determining the enforceable term of a lease, an entity shall consider all aspects of the lease, not just the conditions of contractual termination payments. As such, whenever a contractual or legal framework provides for the possibility of an extension for the lessee, and even if the lessor has the right to oppose it, a contract is enforceable beyond its non-cancellable period if not extending the lease would incur a more than insignificant economic disadvantage for either the lessee or lessor.

The Group is currently evaluating the impacts of this decision, but is not currently in a position to measure the effects accurately. The Group has therefore not implemented the decision in the 2019 financial year. This decision will be taken into account retrospectively from 1 January 2019 to the next publication of accounts.

Regarding the judgements exercised to determine the duration of contracts, at this stage and pending the decision of the IFRIC, the enforceable period is deemed to be the maximum period over which the lessee has an unconditional right to use the leased asset. The durations used are therefore the contractual durations. For management contracts, in the same way as leases, the duration is indefinite, given that management contracts end only with the sale of the final piece of equipment under management, with the maximum duration never being longer than the lifetime of the equipment.

The average interest rates used to calculate future rents are, on the transition date, 4.25% for property leases and 2.45% for equipment leases.

- For property leases, the rate applied was determined on the basis of the historical borrowing rate.
- For equipment leasing contracts:
  At the Euribor rate corresponding to the duration of each lease, a credit spread was applied to the Freight Railcars and Containers operational entities established using the latest asset financings carried out in 2018. These spreads reflect the level at which the operational divisions could refinance over a period of 2 to 5 years.

The IFRIC 23 interpretation of “Uncertainties over income tax treatments” complements the IAS 12 Income Tax provisions, by specifying the procedures for evaluating and accounting for uncertainties relating to income taxes. The Group has not identified any impact of this reclassification on current or deferred tax or on shareholders' equity at 1 January 2019.

The following amendments did not impact the accounts:

- Amendments to IFRS 9 “Early redemption clauses leading to negative netting”, to deal with instruments which include an early redemption clause, when the exercise of this clause results in a redemption lower than the sum of the principal and interest due;
- Amendments to IAS 28 “Investments in Associate and Joint Ventures”;
- Amendments to IAS 19 “Amendment, curtailment or settlement of a plan”;
- Annual Improvements, 2015-2017 cycle.

Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2019

The Group has not applied in advance any of the relevant new standards and interpretations listed below. Their application is not mandatory at 1 January 2019:

- Amendments to IAS 1 and IAS 8 "Definition of the term significant”;
- Amendments to IFRS 3 “Definition of an activity”.

An analysis is under way of the impact of applying these amendments to standards. However, the Group does not anticipate any major changes at this stage.

note 1.2. USE OF ESTIMATES

Drawing up financial statements in accordance with IFRS standards has led management to make estimates and put forward assumptions affecting the book value of certain assets and liabilities, income and expenses, as well as the information given in certain notes in the appendix.

Since these assumptions are intrinsically uncertain, actual information may differ from the estimates. The Group regularly reviews its estimates and assessments in order to take past experience into account and factor in any elements considered relevant regarding economic conditions.

Accounts and related information may be subject to significant re-estimation of impairment losses of the Group’s tangible fixed assets, goodwill, financial assets, financial derivatives, inventories and work in progress, provisions for risks and charges, and deferred taxes.

note 1.3. CONSOLIDATION METHODS

The **IFRS 10 standard** "Consolidated Financial Statements" is replacing standard IAS 27 as well as the SIC 12 interpretation "Consolidation - Special Purpose Entities" for all aspects relating to the control and consolidation procedures according to the method of global integration.

It redefines the concept of control of an entity on the basis of three criteria:

- power over the entity, that is, the ability to direct the activities that have the greatest impact on profitability;
- exposure to the entity's variable returns, which may be positive, in the form of a dividend or any other economic advantage, or negative;
- and the ability to exercise power over the entity so as to affect the amount of the returns obtained.

Companies in which the Group directly or indirectly holds a majority of the voting rights at General Assembly, the Board of Directors or the Management Board, giving it the power to govern financial and operating policy are verified and consolidated by the global integration method. Additional analyses are carried out when agreements exist between shareholders in accordance with the recommendations of the standard.

The **IFRS 11 standard** "Partnerships" replaces standard IAS 31 for all aspects relating to accounting of jointly controlled entities.

Joint control is established when decisions about the relevant activities of the entity require the unanimous consent of the parties sharing control.

According to the standard, partnerships are classified into two categories (joint ventures and joint activities) depending on the nature of the rights and obligations held by each party. This classification is generally determined by the legal form of the legal vehicle employed to support the project.

- A joint venture (JV) is a partnership in which the parties (venturers) that have joint control over the entity have rights to the net assets of the latter. Joint ventures are consolidated using the equity method.
- A joint activity (joint operation) is a partnership in which the parties (venturers) have direct rights to the assets and direct obligations for the liabilities of the entity. Each venturer recognises its share of assets, liabilities, income and expenses related to its interests in the joint activity.

TOUAX is not in partnership with any of its subsidiaries.

The amended **IAS 28 standard** defines the concept of significant influence and describes the method of equity applicable to holdings in associates and joint ventures under the terms of IFRS 11. Associates are entities over which the Group has significant influence. Significant influence is presumed when the Group's holding is greater than or equal to 20%. It can nevertheless be proven in cases of lower holding percentages, especially where the Group is represented on the Board of Directors or in an equivalent governing body, that it contributes to the development of the entity's operational and financial policies as well as its strategic orientations.

The list of companies included in the consolidation is given below in note 2.2.

Commercial and financial transactions and internal profits between consolidated companies are eliminated.

note 1.4. FOREIGN CURRENCY CONVERSION

note 1.4.1. CONVERSION OF CURRENCY FINANCIAL STATEMENTS FOR FOREIGN SUBSIDIARIES

The reporting currency of the Group is the euro.

The functional currency for subsidiaries is generally the local currency. When the majority of transactions is performed in a third currency, the operating currency is the third currency.

Financial statements for the Group's foreign companies are prepared in their functional currency. The accounts of foreign companies are converted into the Group's reporting currency (Euro) as follows:

- Assets and liabilities of foreign subsidiaries are converted into euros at the closing exchange rate;
- Shareholders' equity, maintained at the historical rate, is converted at the closing exchange rate;
- The income and cash flow statements are converted at the average exchange rate for the period;
- Profits or losses resulting from the conversion of the foreign companies' financial statements are recognised in a conversion reserve included in the consolidated shareholders' equity.

Goodwill generated by the acquisition of foreign companies is accounted for in the operational currency of the acquired company. The goodwill is then converted at the current exchange rate into the Group's presentation currency. Any differences resulting from the conversion are recognised in the Consolidated Shareholders' Equity.

Parity: Currency = 1 euro

Exchange rate of currencies	Closing rate		Average rate	
	2019	2018	2019	2018
American dollar (USD)	1,1234	1,1450	1,1195	1,1810
Moroccan dirham (MAD)	10,7645	10,9525	10,7723	11,0753
Algerian dinar (DZD)	135,0572	135,4158	134,5653	137,5702
West African CFA Franc (XOF)	655,96	655,96	655,96	655,96
British pound (GBP)	0,8508	0,8945	0,8778	0,8847
Indian rupee (INR)	80,1870	79,7298	78,8361	80,7332

note 1.4.2. CONVERSION OF TRANSACTIONS IN FOREIGN CURRENCY

Foreign currency operations by consolidated companies have been converted into their functional currency at the exchange rates prevailing on the date of the transaction.

Monetary assets and liabilities in foreign currency have been converted at the exchange rates prevailing on the Balance Sheet date. Exchange rate differences resulting from this conversion (latent gains and losses) are recognised as net financial profit or loss.

Currency gains/losses arising from a monetary component, which is essentially an integral part of the net investment in a consolidated foreign subsidiary, are booked under shareholders' equity (under the item "conversion reserves") until the net investment has been sold or liquidated.

note 1.5. RECORDING OF ASSET COMPANIES OWNED BY INVESTORS

Third-party management enables the Group to increase its capacity as an operational lessor by calling on outside investors who acquire assets.

- **Analysis of asset companies owned by investors**

In the case of asset companies owned by investors, the management of activities is sometimes governed by contractual agreements.

In this case analysis of the contractual agreements makes it possible to assess whether the investor has power over the entity. Some indicators in accordance with IFRS 10:
- The purpose and structuring of the entity: mode of decision making in relation to relevant activities, who has the ability to direct the activities, who receives the yields from these activities, who bears the risks etc;
- The rights given by the contractual agreements established during the creation;
- The commitment by the investor to ensure that the actual operation of the entity conforms to its original concept;
- The relationship between the investor and the entity: Managerial, technological or financial dependence.

Investors' asset companies are not consolidated if the Group does not hold executive authority over activities affecting their performance or assets.

note 1.6. GOODWILL

Goodwill corresponds, on the acquisition date, to the difference between:
- the fair value of the consideration transferred plus the amount of the minority interests in the company acquired and, in a merger of acquisition carried out in steps, the acquisition-date fair value of the acquirer's previously-held holding in the company acquired, revalued by the income statement, and
- the net balance of the amounts of the identifiable assets acquired and liabilities taken over measured at acquisition-date fair value.

For significant acquisitions, this fair-value measurement is carried out by independent experts.

Minority interests are either valued at their fair value, or at their share in the net identifiable assets of the acquired company. This option is available on a case-by-case basis for each merger operation.

The direct costs in connection with the acquisition are recognised in the period's expenses and are entered under "Other operating income and expenses", in the consolidated income statement.

Possible price adjustments for the acquisition or merger are valued at the fair value on the date of acquisition even if it is improbable that resources will be needed to discharge that obligation. After the acquisition date, the price adjustment is valued at its fair value at each year-end closing. After twelve months from the acquisition date, any change in the fair value of this price adjustment will be recognised in the income statement if the price adjustment is a financial liability.

In accordance with IFRS 3 "Company Groupings", goodwill assets are not depreciated.

In accordance with IAS 36 "Impairment of Assets", they are subjected to an impairment test at least once a year, and at shorter intervals if there is any indication of a loss of value. The test is designed to ensure that the recoverable value of the cash-generating unit (CGU: usually the individual legal entity) to which the goodwill is applied is at least equal to its net book value (see notes to the consolidated financial statements, note 1.9). If an impairment is found, then an irreversible provision is charged to operating income, on a line of its own.

Should the TOUAX Group increase its percentage stake in an entity it already controls, the additional equity purchase is booked directly to shareholders' equity as the difference between the price paid for the shares and the additional proportion of the entity acquired.

In the event that shares are sold without loss of exclusive control, the difference between the shares' sale price and the share of consolidated equity at the date of the sale is noted as shareholders' equity (Group's share). The consolidated value of the entity's identifiable assets and liabilities, as well as the goodwill, remain unchanged.

In the event that shares are sold with loss of exclusive control, the income from the sale is calculated on the entire holding at the date of the operation. If there is residual interest, it is evaluated at its fair value in the income statement at the moment that exclusive control is lost.

note 1.7. INTANGIBLE ASSETS

Computer software depreciation and development expenses which are included in Intangible Assets are depreciated using the straight-line method over their useful lifetimes. Development costs incurred between the decision to start development and the agreement to manufacture the item are recognised as intangible assets. Development costs are regarded as fixed investments if they concern distinguishable projects with a realistic chance of technical success and commercial profitability. They are amortized over three years.

note 1.8. TANGIBLE ASSETS

note 1.8.1. VALUATION AT COST NET OF AMORTIZATION AND IMPAIRMENT

Except when acquired as part of a company takeover, tangible assets are booked at their acquisition or production cost. Gains arising on intra-group sales or purchases are eliminated in the consolidated accounts, as are revaluations due to mergers or partial takeovers. At the end of each financial period, the book value is reduced by cumulative amortization and depreciation calculated as required by IAS 36 “Depreciation of Assets” (see the notes to the consolidated financial statements, note 1.9).

The costs of borrowing used to finance assets defined by the amended IAS 23 are included in the cost of the assets involved. At present, no assets are eligible for application of the revised IAS 23.

note 1.8.2. "COMPONENT" APPROACH

IAS 16 "Intangible assets" requires that an asset’s main components with a useful lifetime shorter than that of the asset itself should be identified so as to be depreciated over its own useful lifetime.

The component approach is particularly applicable to the River Barges and Freight Railcar businesses. In the River Barges business, the purchase price of pushers is split into hull and propulsion. In the Freight Railcar business, the railcars are divided between the railcar itself and the revisions.

note 1.8.3. DEPRECIATION

Tangible assets are depreciated and are calculated using the straight-line method over the asset’s useful lifetime. Land is not depreciated.

Containers are depreciated over 13 years with a residual value which varies according to the type of container. The Group therefore still complies with the standards and best practices of the profession.

The railcars and their axles are reviewed according to a timetable specified by the European standards. By incorporating European standard VPI, revisions of railcars and their axles are depreciated over a period of 3, 6, 9 or 12 years depending on the type of revision.

Useful lifetimes for assets acquired new are in the following brackets:

- Freight Railcar 25 years old (India) to 36 years old (Europe)
- River barges (barges and pushers) 30 years
- Containers (of type "dry") 13 years

The depreciation of the containers provides for a residual value, which varies according to the type of container, in accordance with industry standards:

- 20’DC: $1,000
- 40'DC: $1,200
- 40'HC: $1,400

Specific depreciation methods:

Assets acquired second-hand are depreciated using the straight-line method over their remaining useful lifetime.

Residual values are chosen in accordance with the Group’s past experience. The residual value of Freight Railcar is considered nil.

Useful lifetimes of second-hand barges depend on their previous condition of use, and materials it carried (some materials being more corrosive than others). The expected lifetime of each barge bought second-hand is estimated on the basis of its date of construction, past use and the materials carried.

note 1.9. IMPAIRMENT OF ASSETS

According to IAS 36 “Impairment of Assets”, the recoverable value of Tangible and Intangible Assets must be tested as soon as there is any indication of a loss of value (to the company or in the market), and is reviewed at the end of each financial period. This test is carried out at least once a year for assets with an indefinite lifetime, which in the case of the Group means goodwill.

For this test, fixed assets are grouped into Cash-Generating Units (CGUs). These are homogeneous groups of assets whose continuous use generates cash flows largely independent of the cash flows generated by other groups of assets. The recoverable value of these units is most often calculated from their value in use, i.e. from the discounted future net cash flows expected on the basis of business scenarios and on forecast operating budgets approved by senior management.

If a CGU’s recoverable value is below its net book value, then an impairment is recognised. If the CGU contains an element of goodwill, the impairment is charged first against goodwill before any remaining impairment is charged to the CGU’s other fixed assets.

The cash generating units in the Group are:

- The Freight Railcar business as a whole (considering that the US business is not significant),
- The River Barge business as a whole,

- The Containers business as a whole,
- The Modular Buildings business in Africa as a whole.

Impairment test for rights of use that do not generate cash flows (real estate, vehicle):

As this type of asset does not generate cash flows independent of those generated by other assets, the amount recoverable for right of use cannot be determined. It is then tested for impairment at the level of the CGU to which it belongs.

note 1.10. INVENTORIES

Inventories essentially consist of goods bought for resale in the Freight Railcar and Container divisions, and to a lesser extent in the Modular Buildings division. The inventory turnover period is under a year.

Inventories are valued at the lower of cost and net realizable value.

Net realizable value is the estimated price of a sale in the normal course of business, less estimated finishing and selling costs.

Stocks also include spare parts required for the maintenance of Freight Railcar.

note 1.11. PROVISIONS

A provision is made in the accounts if, on the relevant Balance Sheet date, the Group has contracted an obligation (whether legally expressed or implicit) and it is probable that a reliably predictable amount of resources will be needed to discharge that obligation.

Provision is made for lawsuits and disputes (industrial, technical, or tax-related) as soon as there is an obligation by the Group to another party on the Balance Sheet date. The amount of the provision made depends on the best estimate of the foreseeable expense.

note 1.12. PENSION AND SIMILAR LIABILITIES

The Group’s pension commitments consist only of severance payments for its French companies’ employees which correspond, under the terms of IAS 19 "Employee Benefits" to "defined benefit plans". Under these schemes, the Group undertakes to pay benefits either on leaving the Group (severance payments) or during retirement. The Group’s schemes are not funded, and a provision is made for them in the accounts. The Group has no commitments under any other significant defined benefit scheme nor under any defined contribution scheme.

The Group accounts for these superannuation commitments according to the Projected Unit Credit method as required under IAS 19. The method calls for long term actuarial assumptions concerning demographic parameters (staff revenues, mortality) and financial parameters (salary increases, discount rate) to be taken into account. These parameters are reviewed annually. The effect on the amount of the commitment of any changes in the actuarial assumptions is entered under Actuarial Differences. In accordance with IAS 19, the Group recognises these actuarial gains and losses through shareholders' equity and service costs through profit or loss.

note 1.13. OPERATING SUBSIDY

The Group has chosen to present government subsidies in its Financial Statements as reductions of their related expenses, in accordance with IAS 20.

note 1.14. SHARE-BASED PAYMENTS

Standard IFRS 2 “Share-based Payment” imposes the evaluation of transactions remunerated by payment in shares and similar in the company's income and balance sheet. This standard applies to schemes granted after November 7, 2002. The three possible types of transactions specified in IFRS 2 are:
- Share-based transactions settled in equity instruments;
- Share-based transactions settled in cash;
- Share-based transactions settled in equity instruments or in cash.

Benefits are recognised as staff costs and spread over the acquisition period of the entitlements; a counter-entry is made in the form of an increase in shareholders’ equity.

note 1.15. LONG-TERM NON-CURRENT LIABILITIES

Other long-term liabilities include liabilities other than financial loans and liabilities of more than one year, such as commercial commitments relating to contracts with repurchase agreements by the Group; leasing income deferred for more than one year, over the term of these same contracts.

note 1.16. TREASURY STOCK

The treasury stock held by the Group is registered at its acquisition cost as a deduction from shareholders' equity. Gains from the disposal of treasury stock are stated directly as an increase in shareholders' equity, such that capital gains or losses do not affect the consolidated result.

note 1.17. FINANCIAL INSTRUMENTS

note 1.17.1. FINANCIAL ASSETS NON-CASH AND CASH EQUIVALENTS

The IFRS9 standard, applicable since January 1 2018, introduces changes based on IAS 39:

- the provisions relating to the ranking and valuation of financial assets are now based on the joint analysis of the management model of each asset portfolio and the contractual characteristics of the financial assets;
- the depreciation model has moved away from the proven credit loss approach to an approach that retains expected credit losses;
- the provisions for the classification and evaluation of financial liabilities now require changes in fair value related to credit risk for financial liabilities recognised at fair value through profit or loss to be isolated and recognised as non-recyclable reserves;
- provisions on hedge accounting, which the Group has applied from 1 January 2018:
    - make more strategies likely to be eligible for hedge accounting;
    - require that effectiveness be demonstrated by the existence of an economic relationship between the hedged item and the hedging instrument, the absence of domination of the effect of credit risk in the change in value of this economic relationship, the existence of a coverage ratio approaching that of management, knowing that any inefficiency is recorded in profit or loss.

- **Classification and valuation of financial assets**

IFRS 9 introduces a new model for the classification and measurement of financial assets, based on:

- the business model of the entity for the management of financial assets, and
- the characteristics of the contractual cash flows of the financial asset.

For a financial asset within the scope of IFRS 9, there are 3 types of economic models:

- The objective of the business model is to only hold financial assets to pay in contractual cash flows: if the financial asset is designed to pay solely principal and interest ("SPPI"), the financial asset is measured at amortized cost.
- The objective of the business model is both to hold financial assets to pay in contractual cash flows and to sell financial assets: when the characteristics of the financial asset are SPPI, the financial asset is measured at fair value through other global income.
- Interest rate financial assets that are not held in either of the two business models above are measured at fair value through profit or loss.

The Touax Group has not identified a significant change in the ranking of financial assets at the date of transition.

- **Depreciation of financial assets**

A detailed analysis of the depreciation model of financial assets, and in particular of receivables, has been carried out. The Group has opted for the simplified method proposed by IFRS 9 for measuring impairment losses on trade receivables, finance lease receivables and other assets recognised at amortized cost. The analysis of the history of losses recorded on receivables as well as the forward-looking data collected did not reveal any significant additional losses to be accounted for compared to the previously used model. It did not reveal any significant consequences on the Group's consolidated financial statements.

The Group's financial assets include the following:

- non-current financial assets in the scope of IFRS 9: guarantees and other deposits for equity securities of non-consolidated companies, loans, derivatives;
- non-current financial assets outside the scope of IFRS 9 for the classification and measurement part: the Group reports as assets those assets held under finance leasing in which it operates as a lessor and receivables with a maturity of more than one year;
- current financial assets including short-term receivables and receivables with less than one year of finance leasing.

note 1.17.2. CASH AND CASH EQUIVALENTS

The Cash and Cash Equivalents Balance Sheet item is made up of current bank account balances and cash-based UCITS holdings that can be liquidated in the short term.

UCITS holdings with a negligible risk of changing value are categorized as highly liquid short-term holdings and are evaluated at fair value.

The net cash position from the cash flow statement is determined on the basis of cash holdings, as defined above, less current bank advances and overdrafts.

note 1.17.3. FINANCIAL LIABILITIES

The Group's financial liabilities include bank loans, interest-bearing bonds, supplier debt and derivatives.

The loans are broken down into current liabilities (the part repayable within the twelve months following the balance sheet date) and non-current liabilities (with due dates of over twelve months).

Loans are initially recorded at fair value adjusted by directly attributable transaction costs.

Subsequently, they are subsequently evaluated at amortized cost using the effective interest rate method.

- **Classification and valuation of financial liabilities**

The variation in the fair value of redeemable bonds (ORNANE) credit risk had an impact on non-recyclable reserves of +€390 thousand in 2019.

Other financial liabilities are measured at amortized cost.

note 1.17.4. DERIVATIVE FINANCIAL INSTRUMENTS

In 2019, the Group entered into forward exchange contracts (maturity in 2020) to hedge foreign exchange risk exposure on the US dollar. Subscribed derivatives are recognised at fair value. Their impact on income fully or partially offsets gains and losses recorded in profit or loss on foreign currency exposure.

Some of the Group's operations are financed by variable-rate loans, some of which are hedged by interest rate derivatives, within the scope of the cash-flow hedges, in order to reduce the Group's exposure to interest rate risk.

Changes in the fair value of swap contracts are recognised as recyclable reserves for the effective part. The ineffective part is recognised directly in the financial result.

- **Hedge accounting**

The Group believes that existing hedges and qualifying hedges meet the hedge accounting eligibility criteria in accordance with IFRS 9. The application of the new standard did not have a significant impact compared to IAS 39 for derivative instruments held by the Group.

note 1.18. UNDATED SUPER SUBORDINATED NOTES

The Group issued Undated Super Subordinated Notes (TSSDI) on three occasions. Two issues took place in 2013 for a nominal amount of €32,775 million and the third issue took place in May 2014 for a nominal amount of €18,025 million. These three issues amounting to a total of €50.8 million form one unique stub. These perpetual securities allow TOUAX to redeem them at par as of August 2019 and then every three months thereafter. They paid a fixed annual coupon of 7.95% for the first 6 years and then a variable rate starting August 1 2019. The coupon payment is payable quarterly commencing on 1 August 2019 but is paid “manually” by the company. This financial instrument enhances the structure of the Group's balance sheet when considering the lifetime of its assets and its business financing requirements.

Under IFRS, these securities are analysed as equity instruments under IAS 32.

note 1.19. TAXES ON PROFITS

Deferred taxes are recognised (undiscounted) according to the method of variable carrying-forward of the differences due to timing between the assets’ and liabilities’ values for tax purposes and their book values in the consolidated accounts. In this way each financial period is assigned its appropriate tax charge, particularly in view of the temporary discrepancies that may arise between the date when certain revenues and charges are booked and their effective date for tax purposes.

Any deferred tax assets resulting from these temporary differences or tax losses to be carried forward are only retained on the books to the extent that the companies or groups of companies consolidated for tax purposes are reasonably sure of realizing the benefits in subsequent years.

Tax rates used in calculating deferred taxes are the rates known on the Balance Sheet date.

Tax assets and liabilities applying to the same tax entity (or fiscally-consolidated group) are offset in the Balance Sheet.

Deferred tax is recognised as a revenue or charge in the Income Statement unless it relates to a transaction or event recognised directly in shareholders’ equity.

Deferred taxes are presented on their own lines in the Balance Sheet, under Fixed Assets or Non-Current Liabilities, as the case may be.

note 1.20. INCOME AND EXPENSES FROM OPERATIONS

note 1.20.1. REVENUE FROM ACTIVITIES: THE DIFFERENT COMPONENTS

The Group is an operational lessor of standard sustainable transport equipment (Freight Railcar, River Barges, Logistics Containers). Leased equipment may be owned by the Group or by investors and managed by the Group under management contracts. The Group

thus records rental revenue (see note 1.20.2 and note 1.20.3), broken down for greater transparency between equipment owned by the Group and equipment owned by investors:
- Rental revenue from equipment owned by the Group under IFRS 16 (lease)
- Rental revenue from equipment held by investors under IFRS 16 (sub-lease)

When the Group leases equipment to its customers, it may invoice ancillary services (see note 1.20.4) such as repairing equipment if damaged by customers. The Group records:
- Ancillary Services under IFRS 15.

The Group also sells equipment (see "Equipment sales" note 1.20.5). When equipment is owned by the Group, it records the proceeds from the sale of this equipment. When the equipment is owned by investors, the Group records the margin generated between the sale price of the equipment and the price paid to the investor. This margin is generally referred to as the Marketing commission. The Group thus records:
- Sales of owned equipment under IFRS 15
- Margins on disposal of equipment held by investors under IFRS 15.

In addition, the Group sells equipment to investors under third-party management agreements (see "Management of assets and liabilities" in the notes to the consolidated financial statements note 1.20.6). The Group purchases new equipment, carries it on its balance sheet and leases it to its customers. It may then sell some of its equipment managed concurrently under a management contract to investors. The sale of equipment to investors is known as syndication and is compensated by a margin equivalent to the difference between the equipment purchase and sale price. This margin is called the syndication fee. These transactions are grouped together under "management on behalf of third parties". The Group thus records revenue from the following activities:
- Syndication fees; note that discussions are underway at the IFRS-IC, which could call into question the amounts recognised by the Group in syndication fees (see note 1.1).

Finally, the Group sometimes sells fixed assets that are not part of its recurring rental activity. The difference between the sale price and the net book value of fixed assets is classed as a capital gain or loss on disposal. The Group records revenue activities:
- Capital gains or losses on disposals unrelated to recurring activities

Syndication fees and non-customer non-recurring capital gains or losses on disposals, are excluded from ordinary sales income. Income is recorded as revenue from operations.

note 1.20.2. ACCOUNTING FOR INCOME AND EXPENSES ON THIRD-PARTY ASSET MANAGEMENT CONTRACTS CONCLUDED BY THE GROUP. CLASSED AS AGENT OR PRINCIPAL.

In accordance with the requirements of IFRS 15, the Group must determine if it is acting as principal or agent in the provision of goods or services to a customer.

The Group must meet the following criteria to qualify as principal, otherwise the Group will be classified as an agent and will have to record the margin as revenues:
- The company has the primary responsibility for providing goods or services, for example by being responsible for the quality of goods and services ordered or sold to the customer. The Group directly signs lease agreements with customers. Customers do not know the owners of the equipment.
- The company bears the risks associated with holding stocks before the customer order, during transportation or in case of return. The Group supports any risks linked to material in the first place. The Group may then have recourse to the owners for compensation.
- The company is free to set selling prices, directly or indirectly. The Group has complete freedom in the choice of its customers and the applicable rates, without reference to the owners of the equipment.

The Group operates and manages equipment on behalf of third-parties as part of its container and freight railcar leasing businesses. Pools of equipment are put together for this purpose, bringing together several investors, including sometimes the Group. These pools correspond to a group of equipment usually of the same type and age. This organisation enables the pooling of revenues and expenses of equipment grouped in the same pool, governed within the scope of the management contract. These management contracts do not constitute joint ventures.

According to an analysis of these management agreements in the light of international standards, the Group acts as principal both in its relations with investors (pools) on the one hand, and with customers on the other. The Group is entirely free to choose the customers, producers and suppliers it deals with, and to negotiate prices for the purchase, leasing and sale of the equipment it manages. Customers do not know the final owners of the equipment.

Accordingly, in its capacity as "principal", the Group records all revenue and expense streams generated by these contracts on its Income Statement.

- The Group acts as "principal" in the context of providing services to customers both when it owns the equipment and when it is involved in the management of said equipment on behalf of investors, and therefore accounts for all the associated products.
- The Group acts as an "agent" when it sells the equipment held by investors as part of management contracts and recognises the margin due to it on these transactions as profit.

The Group accounts for the gross rental income invoiced to its customers for equipment managed in pools and thus includes revenues from rental of equipment held by investors. The operating expenses of all the equipment managed are booked under Operating Expenses. The share of net income distributed to investors is recorded as an expense under "Distributions to investors" (see notes to the consolidated financial statements note 1.20.8).

note 1.20.3. LEASES.

The Group purchases and leases standard mobile equipment to its customers. The vast majority of customer leases are operating or finance leases if Group indicators qualify them as such.

Once the equipment is leased to customers, the Group may decide to sell certain equipment to investors, thereby transferring ownership of the leased equipment to them. As indicated in note 1.20.2, the Group acts as the principal.

Rental income accounted for as revenue is derived as follows:

- the rental of equipment owned by the Group,
- and the leasing of equipment held by investors

Leases are not differentiated according to whether the equipment belongs to the Group or to investors. These contracts define the standard leasing terms: the price per day, duration, payment date, obligations and rights of the lessee. The vast majority of its leases are operating leases. Contracts are categorised as operating or finance leases in accordance with the IFRS 16 standard on the date the lease is signed. The categorisation of contracts entered into before 1st January 2019 has only been reviewed for subleases, in accordance with the standard.

When the leased equipment is owned by investors, the Group is classed as an intermediate lessor in accordance with IFRS 16. Although no distinction is made between leases for equipment owned by the Group and those for equipment held by investors, additional analysis was carried out because one of the IFRS 16 criteria is that the term of the customer lease must be shorter than the main part of the investor management contract for it to qualify as an operating lease.

Rental revenue corresponds to revenue from the operational rental of equipment managed on behalf of third parties or owned by the Group. Interest income from finance leases granted to customers is also included in rental revenues (€0.1 million in 2019 and 2018).

The IFRS 16 analysis is presented in note 1.1.

Changes in leasing revenues are therefore directly connected with the equipment owned or managed by the Group, the leasing rates, and the utilisation rate of the equipment.

note 1.20.4. RE-INVOICING OF ANCILLARY SERVICES

Ancillary services are invoiced at the time of equipment rental. It also includes the River Barge division's receipts from the freight, chartering and storage activities.

- The following services are provided in addition to container rental:
  - "Pick up charges": The costs charged back to the lessees for the removal of the containers are as follows: costs are re-invoiced for containers leaving China to be placed in different locations around the world.
  - "Drop off charges": These costs are charged back to lessees for moving a container from one location to another for re-rental or resale.
  - "Rebilled repairs": The cost of repairing containers is charged back to customers.
  - "Rebilled handling": This is the re-invoicing of handling charges paid to transport depots.

  Each service complies with the 5 steps described by IFRS 15. The prices for these services provided are clearly defined in the lease contracts and define how re-invoicing is accounted for in accordance with IFRS 15.

- Services ancillary to Freight Railcar rental:
  - Repair costs are clearly identified in the rental agreement and costs are invoiced by the repair shops during the rental period.
  - These may also be, for example, transport costs incurred during the rental period generated by workshop repairs.
- Ancillary services in the Barges Division:
  - Freight costs: this activity includes subcontracting the transport of bulk goods by river (including loading and unloading) The price of services is based on a price per tonne transported with variable components such as the price of diesel, water level.

These prices are clearly defined in the contracts and prices are easily allocated between rental and service.

note 1.20.5. SALES OF EQUIPMENT

The sale of equipment to customers is a regular activity of equipment rental companies. The Touax Group buys, leases and sells equipment but also carries out trading activities (buying/selling). The equipment sold may be new or used equipment belonging to the Touax Group or to investors.

a. Equipment belonging to the Touax Group (trading/used equipment activity)

The Touax Group sells its own equipment to end customers, whether this relates to trading or used equipment. The transfer of the control of the asset takes place at the moment possession of the material is taken and payment is made by the customer. The Group recognises this transaction as revenue for the amount invoiced and its write-off cost in the balance sheet as "Purchase cost of sales".

Sales of equipment owned include the proceeds of sales to end customers and from the sale of assets held for rental. The corresponding purchases of equipment and the net book values are booked under "External Purchases and Expenses" in the type-classified Income Statement, and under "Purchase cost of Sales" in the function-classified Income Statement. Equipment bought and not yet resold is included in end-of-period inventories (see the notes to the consolidated financial statements, note 1.10). Disposals of finance leasing receivables are also included in Sales of equipment.

b. Investor-owned materials (used equipment)

The analysis of sales contracts for used equipment owned by investors to end customers leads the Touax Group to consider that it acts as an agent because it does not control the equipment sold in accordance with IFRS 15. Consequently, only the margin between the sale price and the amount returned to the investor is recorded as net income on disposal of equipment held by investors (see note 1.20.2).

c. Sale of modular buildings in Africa

The modular construction activity in Africa accounts for its sales revenue according to the two methods set out in IFRS 15.

To determine whether a performance obligation should be accounted for based on percentage of completion or at a given date, contracts must be analysed according to three criteria. If one of the three criteria is met, the performance obligation is accounted for by percentage of completion.

The three criteria are as follows:

(i) the customer benefits from the service as the entity's performance improves;
(ii) the customer controls the asset as it is constructed by the entity;
(iii) the asset has no alternative purpose for the entity and the entity has, at any time, in the event of termination by the customer, an enforceable right to payment for the value of work performed to date.

note 1.20.6. SYNDICATION FEES (SALES OF EQUIPMENT TO INVESTORS)

The Group manages assets on behalf of third parties. As part of this activity, the Group purchases new equipment, carries it on its balance sheet and leases it to its customers. It may then sell some of its equipment managed concurrently under a management contract to investors. The sale of equipment to investors is known as syndication and is compensated by a margin equivalent to the difference between the equipment purchase and sale price. This margin is called the syndication fee. Syndication transactions fall within the scope of IFRS 16. At the end of the management period, the Group sells equipment belonging to investors to end customers or other investors. These transactions are grouped together under "management on behalf of third parties".

Syndication transactions fall outside the scope of IFRS 15, however, when IFRS 15 criteria apply for evaluating the transfer of control. As such, according to these criteria, syndication is about transferring control of the asset to the investor, with Touax only retaining the right to use the asset through the management contract. As a reminder, the discussions in progress at the IFRS-IC could affect the way in which the Group deals with syndication transactions, and call into question the full recognition of the margin as profit (or loss) on the date of the transaction. These discussions and their implications are presented in note 1.1.

note 1.20.7. OPERATING PROVISIONS

This item mainly records allocations and reversals relating to provisions for bad debts.

The unrecoverable losses are presented in other operating income and expenses.

note 1.20.8. NET DISTRIBUTIONS TO INVESTORS

As mentioned above, the Touax Group manages equipment on behalf of third parties. Relations between investors and the Group are formalized under management contracts. Under these contracts, the income from the rental of such equipment by the Group to its customers, is paid to investors after deduction of the Group's management fees and equipment expenses incurred. No return is guaranteed. Net income paid to investors is variable as it depends on the rental of this equipment, the payment of leases by customers and related equipment expenses. Net income paid to investors (variable lease payments in accounting terms) is recorded as net distributions to investors.

Management contracts entered into prior to the application of IFRS 16 have been analysed as lease contracts, taking into account the criteria of the standard, and net distributions to investors as totally variable lease payments not based on indices or rates. In accordance with the transition provisions (paragraph C18), these contracts are treated like any lease at the transition date without reassessing - as per the provisions of IFRS 16 - the treatment of the sale and leaseback transaction underlying it. Consequently, the right of use and the resulting lease debt are zero and net distributions to investors are recognised as expenses in the year in which they are incurred.

The IFRS 16 analysis is presented in note 1.1.

note 1.20.9. OTHER OPERATING INCOME AND EXPENSES

Significant, unusual or infrequent elements are presented separately in the income statement under other operating income and expenses. As an example, this section includes goodwill impairment, acquisition costs of the equity investments, variations in the fair value of the additional amounts included in the prices agreed when acquiring stock and restructuring costs.

note 1.21. OPERATING INCOME

Operating income is the difference between pre-tax revenues and expenses, excluding those from financial activities, discontinued activities or activities being disposed of.

EBITDA (*Earnings before interest, tax, depreciation and amortization*), after distribution to investors, is an important indicator for the Group, allowing it to assess economic performance. It is the operating income after depreciation and impairment losses restated under IAS 36 impairment tests (see the notes to the consolidated financial statements, note 1.9). EBITDAR (*"Earnings before interest, tax, depreciation, amortization and rent"*) is calculated before the distribution to investors and corresponds to the EBITDA increased by the distribution to investors. The EBITDAR reflects the performance of all the business activities and equipment managed by the Group.

note 1.22. SEGMENT INFORMATION

In view of the basic structure of the Group's internal organisation and management, the first level of segment information applied in accordance with IFRS 8 "Segment information" is that based on the Group's activities.

The Group's business is the operational leasing of standard sustainable transport equipment. It conducts its main business in three areas: Freight Railcar, River Barges and Containers. The Modular Buildings, property and central costs activities that remain insignificant are grouped together in a single "miscellaneous" sector.

Geographic sectors depend on the location of markets and reflect asset locations.

For the Freight Railcar and River Barges activities, the services, markets and customers are in identical locations.

In the Container business, however, markets are in other locations than those of the customers and services. The location of the markets and geographic zones of the Container business correspond to the location of the assets. Containers are moved regularly from country to country via international trade over hundreds of trading routes. The TOUAX Group has neither knowledge nor control over the location or movements of leased containers. Based on container leasing contracts in force at 31 December 2019, containers may be in the ports of over a hundred countries worldwide. As a result, it is not possible to break down the revenue or assets of the Container business by geographic zone. The Container business is categorised in the international zone. This presentation is consistent with the practices of the container industry.

NOTE 2. SCOPE OF CONSOLIDATION

note 2.1. CHANGES IN THE SCOPE OF CONSOLIDATION

Number of consolidated companies	2019	2018
French companies	5	5
Foreign companies	24	27
TOTAL	**29**	**32**
Of which perimeter entries		2
Of which perimeter exits	3	1

On 28 May 2019, the Touax Group, through its subsidiary Touax Africa, disposed of the shares it held in Touax Industrie Modulaire Algérie, which has not been part of the Touax Group since that date.

In addition, the Group liquidated the companies Touax Côte d'Ivoire and Touax ROM as it no longer carried out any business.

note 2.2. LIST OF COMPANIES CONSOLIDATED IN 2019

Company name	Activity	Geographical area	Percentage of control	Percentage of share	Consolidation method
TOUAX SCA	Holding, parent company	Europe			
TOUAX CORPORATE SAS	Services	Europe	100%	100%	FC*
TOUAX UK LIMITED	Services	Europe	100%	100%	FC*
GOLD CONTAINER Corporation	Containers	North America	100%	100%	FC*
TOUAX CONTAINER Asset Financing Ltd	Containers	Europe	100%	100%	FC*
TOUAX CONTAINER Investment Ltd	Containers	Asia	100%	100%	FC*
TOUAX CONTAINER Leasing Pte Ltd	Containers	Asia	100%	100%	FC*
TOUAX CONTAINER SERVICES SAS	Containers	Europe	100%	100%	FC*
TOUAX CORP	Containers	North America	100%	100%	FC*
TOUAX CONTAINER FINANCING Pte Ltd	Containers	Asia	100%	100%	FC*
TOUAX AFRICA SAS	Modular Buildings	Europe	51%	51%	FC*
TOUAX Maroc Capital SARL	Modular Buildings	Africa	100%	51%	FC*
TOUAX MAROC SARL	Modular Buildings	Africa	100%	51%	FC*
RAMCO SARL	Modular Buildings	Africa	100%	51%	FC*
CFCL TOUAX Llc	Freight railcars	North America	51%	51%	FC*
SRF RAILCAR LEASING Ltd	Freight railcars	Europe	51%	51%	FC*
TOUAX RAIL Ltd	Freight railcars	Europe	100%	100%	FC*
TOUAX RAIL FINANCE Ltd	Freight railcars	Europe	100%	100%	FC*
TOUAX RAIL FINANCE 2 Ltd	Freight railcars	Europe	100%	100%	FC*
TOUAX RAIL FINANCE 3 Ltd	Freight railcars	Europe	52,03%	52,03%	FC*
TOUAX RAIL INDIA Ltd	Freight railcars	Europe	78,03%	78,03%	FC*
TOUAX RAIL ROMANIA SA	Freight railcars	Europe	57,50%	57,50%	FC*
TOUAX TEXMACO RAILCAR LEASING Pte Ltd	Freight railcars	Asia	50%	39,02%	FC*
CS DE JONGE BV	River Barges	Europe	100%	100%	FC*
EUROBULK TRANSPORTMAATSCHAPPIJ BV	River Barges	Europe	100%	100%	FC*
TOUAX RIVER BARGES SAS	River Barges	Europe	100%	100%	FC*
TOUAX LEASING Corp	River Barges	North America	100%	100%	FC*
TOUAX HYDROVIA Corp	River Barges	South America	100%	100%	FC*
TOUAX HYDRO LEASE Corp	River Barges	South America	100%	100%	FC*

* Full Consolidation

NOTE 3. SEGMENT INFORMATION

note 3.1. INCOME STATEMENT BY DIVISION

2019* (in thousands of euros)	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	Total
Leasing revenues on owned equipment	36 322	6 227	7 584	78	50 211
Leasing revenues on managed equipment	13 842		48 981		62 823
Ancillary services	8 220	5 447	8 262	(118)	21 811
Total leasing activity	**58 384**	**11 674**	**64 827**	**(40)**	**134 845**
Sales of owned equipment	1 664	148	11 683	13 853	27 348
Margin on sales of managed equipment			4 894		4 894
Total sales of equipment activity	**1 664**	**148**	**16 577**	**13 853**	**32 242**
REVENUES	**60 048**	**11 822**	**81 404**	**13 813**	**167 087**
Fees on syndication	1 076		391		1 467
Capital gains or losses on disposals unrelated to recurring activities			(1)	456	455
REVENUE FROM ACTIVITIES	**61 124**	**11 822**	**81 794**	**14 269**	**169 009**
Cost of sales of equipment	(640)	(25)	(10 201)	(11 778)	(22 644)
Operating expenses	(21 115)	(5 507)	(6 245)	(1 006)	(33 873)
General and administrative expenses	(10 735)	(2 787)	(8 682)	2	(22 202)
GROSS OPERATING MARGIN (EBITDAR)	**28 633**	**3 502**	**56 666**	**1 487**	**90 290**
Net distributions to investors	(5 552)		(47 840)		(53 392)
EBITDA	**23 081**	**3 502**	**8 826**	**1 487**	**36 898**
Depreciation and impairments	(13 927)	(2 991)	(3 545)	(1 300)	(21 763)
Current operating income	**9 154**	**511**	**5 281**	**187**	**15 135**
Other operating income and expenses					
OPERATING INCOME	**9 154**	**511**	**5 281**	**187**	**15 135**
Net financial expense					**(14 449)**
Profit (loss) of investments in associates					
CURRENT INCOME BEFORE TAXES					**686**
Income tax benefit (expense)					(1 485)
Net income from retained activities					(799)
Net income from discontinued activities					(741)
GLOBAL CONSOLIDATED NET INCOME					**(1 540)**
of which non-controlling interest (minority interests) in retained activities					1 158
of which non-controlling interest (minority interests) in discontinued activities					
GROUP SHARE OF NET INCOME					**(2 698)**
of which net income from retained activities					(1 957)
of which net income from discontinued activities					(741)

(*) On the 1st of January 2019, IFRS 16 "Leasing contract" has been applied according to the simplified retrospective method.
As a consequence, the 2018 financial statements have not been restated, except for the separate presentation of the ancillary services (see note 1.1).

2018 *(in thousands of euros)*	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	Total
Leasing revenues on owned equipment	33 588	6 478	4 939	141	45 145
Leasing revenues on managed equipment	12 574		59 592		72 167
Ancillary services	7 257	5 959	3 465	548	17 228
Total leasing activity	**53 419**	**12 437**	**67 996**	**688**	**134 540**
Sales of owned equipment	2 226	2 065	6 537	6 393	17 220
Margin on sales of managed equipment			1 529		1 529
Total sales of equipment activity	**2 226**	**2 065**	**8 066**	**6 393**	**18 749**
REVENUES	**55 645**	**14 501**	**76 062**	**7 081**	**153 289**
Fees on syndication	687		310		997
Capital gains or losses on disposals unrelated to recurring activities				255	255
REVENUE FROM ACTIVITIES	**56 332**	**14 501**	**76 372**	**7 336**	**154 541**
Cost of sales of equipment	(434)	(1 127)	(5 800)	(6 283)	(13 644)
Operating expenses	(18 296)	(6 208)	(8 300)	(1 151)	(33 955)
General and administrative expenses	(9 435)	(2 645)	(7 951)	(3 811)	(23 842)
GROSS OPERATING MARGIN (EBITDAR)	**28 167**	**4 521**	**54 321**	**(3 909)**	**83 100**
Net distributions to investors	(5 293)		(52 110)		(57 403)
EBITDA	**22 874**	**4 521**	**2 211**	**(3 909)**	**25 697**
Depreciation and impairments	(11 818)	(2 668)	(2 497)	(758)	(17 741)
Current operating income	**11 056**	**1 853**	**(286)**	**(4 667)**	**7 956**
Other operating income and expenses				156	156
OPERATING INCOME	**11 056**	**1 853**	**(286)**	**(4 511)**	**8 112**
Net financial expense					**(10 243)**
Profit (loss) of investments in associates					
CURRENT INCOME BEFORE TAXES					**(2 131)**
Income tax benefit (expense)					(475)
Net income from retained activities					(2 606)
Net income from discontinued activities					(955)
GLOBAL CONSOLIDATED NET INCOME					**(3 561)**
of which non-controlling interest (minority interests) in retained activities					597
of which non-controlling interest (minority interests) in discontinued activities					
GROUP SHARE OF NET INCOME					**(4 158)**
of which net income from retained activities					(3 203)
of which net income from discontinued activities					(955)

note 3.2. BALANCE SHEET BY DIVISION

31 December 2019* *(in thousands of euros)*	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	TOTAL
ASSETS					
Goodwill	5 101				5 101
Intangible assets	494	20	165	35	714
Tangible assets	201 601	36 694	55 152	3 409	296 856
Right of use	173	13 429	547	1 991	16 140
Long-term financial assets	1 257	17	3 771	205	5 250
Other non-current financial assets	928	176			1 104
Deferred tax assets					
TOTAL non-current assets	**209 554**	**50 336**	**59 635**	**5 640**	**325 165**
Inventories and Work in Progress	30 014	2	12 170	1 480	43 666
Trade receivables	7 722	1 023	16 032	3 697	28 474
Other current financial assets	3 112	731	404	6 017	10 264
Cash and cash equivalents				39 277	39 277
TOTAL current assets	**40 848**	**1 756**	**28 606**	**50 471**	**121 681**
TOTAL ASSETS					**446 846**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				(5 791)	(5 791)
Income for the period, Group’s share				(2 698)	(2 698)
Shareholders' equity attributable to owners of the Group's parent company				**97 764**	**97 764**
Non controlling interests (Minority interests)	33 961			(8 640)	25 321
Shareholders’ equity				**89 124**	**123 085**
Loans and Financial liabilities				115 009	115 009
Long-term lease liabilities				11 097	11 097
Deferred tax liabilities				2 616	2 616
Pension and similar liabilities		39	52	348	439
Other long-term liabilities					
TOTAL non-current liabilities		**39**	**52**	**129 070**	**129 161**
Provisions				95	95
Short-term lease liabilities				1 895	1 895
Borrowings and current bank facilities				123 585	123 585
Trade payables	9 086	819	2 261	3 933	16 099
Other current liabilities	12 294	641	33 149	6 842	52 926
TOTAL current liabilities	**21 380**	**1 460**	**35 410**	**136 350**	**194 600**
TOTAL LIABILITIES					**446 846**
Intangible & tangible investments, during the period	19 736	1 568	10 687	155	32 146
Workforce by activity (FTE)	**60**	**8**	**36**	**129**	**233**

(*) On the 1st of January 2019, IFRS 16 "Leasing contract" has been applied according to the simplified retrospective method. As a consequence, the 2018 financial statements have not been restated, except for the separate presentation of the ancillary services (see note 1.1).

31 December 2018 *(in thousands of euros)*	Freight railcars	River Barges	Containers	Miscellaneous & Eliminations	TOTAL
ASSETS					
Goodwill	5 101				5 101
Intangible assets	515	30	193	11	749
Tangible assets	203 799	46 076	34 321	3 976	288 172
Long-term financial assets	1 195	113	3 720	6 114	11 142
Other non-current financial assets	545	215	776	815	2 352
Deferred tax assets				95	95
TOTAL non-current assets	**211 155**	**46 434**	**39 010**	**11 011**	**307 611**
Inventories and Work in Progress	24 139	2	40 532	2 511	67 184
Trade receivables	8 288	1 632	16 277	2 911	29 108
Other current financial assets	1 062	589	1 590	3 015	6 255
Cash and cash equivalents				29 246	29 246
TOTAL current assets	**33 489**	**2 223**	**58 399**	**37 682**	**131 794**
TOTAL ASSETS					**439 404**
LIABILITIES					
Share capital				56 092	56 092
Hybrid capital				50 161	50 161
Reserves				2 962	2 962
Income for the period, Group's share				(4 158)	(4 158)
Shareholders' equity attributable to owners of the Group's parent company				**105 057**	**105 057**
Non controlling interests (Minority interests)	32 207			(8 150)	24 057
Shareholders' equity				**96 907**	**129 114**
Loans and Financial liabilities				168 972	168 972
Deferred tax liabilities				2 114	2 114
Pension and similar liabilities		31	38	284	353
Other long-term liabilities			543		543
TOTAL non-current liabilities		**31**	**581**	**171 370**	**171 982**
Provisions				504	504
Borrowings and current bank facilities				56 544	56 544
Trade payables	7 589	872	1 928	3 695	14 084
Other current liabilities	4 100	676	54 533	7 867	67 176
TOTAL current liabilities	**11 689**	**1 548**	**56 461**	**68 610**	**138 308**
TOTAL LIABILITIES					**439 404**
Intangible & tangible investments, during the period	18 040	634	3 197	245	22 117
Workforce by activity (FTE)	**59**	**8**	**40**	**139**	**246**

note 3.3. GEOGRAPHICAL INFORMATION

(in thousands of euros)	International	Europe	N & S America	Other	TOTAL
2019					
Revenue from activities	81 671	69 135	2 844	15 359	169 009
Intangible and tangible investments	4 117	22 729	4	5 296	32 146
Non-current sectoral assets	8 754	266 693	20 672	29 046	325 165
2018					
Revenue from activities	76 259	67 372	3 262	7 648	154 541
Intangible and tangible investments	3 102	13 653		5 362	22 117
Non-current sectoral assets	38 826	225 460	21 482	21 748	307 516

NOTES REGARDING THE INCOME STATEMENT

NOTE 4. REVENUE FROM ACTIVITIES

Breakdown by type *(in thousands of euros)*	2019	2018	Variation 2019/2018	
Leasing revenues on owned equipment	50 211	45 145	5 066	11,2%
Leasing revenues on managed equipment	62 823	72 167	(9 344)	-12,9%
Ancillary services	21 811	17 228	4 583	26,6%
Total leasing activity	**134 845**	**134 540**	**305**	**0,2%**
Sales of owned equipment	27 348	17 220	10 128	58,8%
Margin on sales of managed equipment	4 894	1 529	3 365	220,1%
Total sales of equipment activity	**32 242**	**18 749**	**13 493**	**72,0%**
REVENUES	**167 087**	**153 289**	**13 798**	**9,0%**
Fees on syndication	1 467	997	470	47,1%
Capital gains or losses on disposals unrelated to recurring activities	455	255	200	78,4%
REVENUE FROM ACTIVITIES	**169 009**	**154 541**	**14 468**	**9,4%**

Revenue from activities increased by €14.5 million (or +9.4%) from €154.5 million in 2018 to €169 million in 2019. On a constant scope and currency basis, revenue from activities increased by 6.3%.

- **Leasing activity**

Leasing activity includes leasing income, charter revenue, income from services associated with the leasing of equipment and financial income from financial leases (€0.1 million in 2019 and 2018) in which the Group is a lessor.

Leasing activity increased by €0.3 million from €134.5 million in 2018 to €134.8 million in 2019, representing a +0.2% increase. The change in leasing activity at constant exchange rate and scope of consolidation was -2.4% (appreciation of the average US dollar rate): €1.1810 in 2018, €1.1195 in 2019).

The Freight Railcar leasing activity increased by €5 million due to higher utilisation rates and leasing prices.

The River Barges division reported a decline in its leasing activity due to lower utilization rates in South America and a decrease in ancillary services (chartering).

Leasing activity in the Container division was down 4.7% due to a reduction in the fleet (second-hand sales and end of hire-purchase agreements in 2018), lower utilization rates and lower rental rates. On a constant currency basis, leasing revenues fell by 9.6 %. These decreases impacted leasing revenues on managed equipment, which was offset by growth in leasing revenues on owned equipment (investments made) and ancillary services (re-invoicing of repairs).

- **Sales of equipment activity**

Equipment sales record sales of new or used equipment to end customers and sales commissions for investor-owned equipment.

Equipment sales increased by €13.5 million (or +72%), from €18.7 million in 2018 to €32.2 million in 2019.

- **Fees on syndication and Capital gains or losses on disposals unrelated to recurring activities**

Fees on syndication and capital gains on disposals unrelated to recurring activities amounted to €1.9 million (including €1.5 million syndication fees) compared to €1.3 million in 2018, an increase of €0.7 million.

NOTE 5. PURCHASES AND OTHER EXTERNAL EXPENSES

Purchases and other external expenses increased by €7.9 million or +14.3% in 2019. The cost of sales increased by €8.6 million, in the same way as sales revenues. Other external services decreased by €0.9 million, mainly due to the application of IFRS 16 on lease contracts (impact on EBITDA is €1.3 million) and expired container lease purchases. Decreases are offset by increased costs for car repairs and overhauls.

NOTE 6. STAFF COSTS

(in thousands of euros)	2019	2018	Variation 2019/2018	
Salaries & social security contributions	(15 826)	(15 931)	105	-0,7%
WORKFORCE (FTE) AS AT 31 DECEMBER	**233**	**246**	**(13)**	**-5,3%**

In order to enable the employees of the French economic and social unit (which includes the companies TOUAX Corporate, TOUAX Container Services and TOUAX River Barges) to share in the Group's performance, agreements were signed allowing amounts to be paid to employees which they can invest in the Company Savings Plan. The formula adopted is the legal calculation formula. Half of the amount is distributed in proportion to attendance time in the company during the financial year, and half is distributed in proportion to the salary of each beneficiary during the financial year concerned. No profit share payments were made in 2019.

NOTE 7. OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	2019	2018	Variation 2019/2018	
Other operating income	610	1 409	(799)	-56,7%
Other operating expenses	(2 489)	(7 800)	5 311	-68,1%
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(1 879)**	**(6 391)**	**4 512**	**-70,6%**

In 2019, other operating income and expenses recorded a €2 million loss on bad debts. These receivables were provisioned and the reversal of this provision is included in operating depreciation (see note 8).

In 2018, other operating income and expenses recorded a loss on bad debts of €7.5 million. These receivables were provisioned and the reversal of this provision is included in operating depreciation (see note 8).

NOTE 8. OPERATING PROVISIONS

(in thousands of euros)	2019	2018	Variation 2019/2018	
Reversals of operating depreciation	6 005	9 008	(3 003)	-33,3%
Operating Depreciation	(3 988)	(2 959)	(1 029)	34,8%
TOTAL OPERATING PROVISIONS	**2 017**	**6 049**	**(4 032)**	**-66,7%**

In 2019, reversals of operating provisions (net of bad debt write-downs) amounted to +€2 million.

In 2018, the reversal of net operating provisions amounted to +€6.1 million corresponding to reversals of net impairment on doubtful receivables for +€5.9 million and inventory write-downs for +€0.2 million.

NOTE 9. NET DISTRIBUTIONS TO INVESTORS

Net distributions to investors are broken down by division as follows:

(in thousands of euros)	2019	2018	Variation 2019/2018	
Freight railcars	(5 552)	(5 293)	(259)	4,9%
Containers	(47 840)	(52 110)	4 270	-8,2%
TOTAL	**(53 392)**	**(57 403)**	**4 011**	**-7,0%**

Net distributions to investors decreased by €4 million (-7%) from €57.4 million in 2018 to €53.4 million in 2019.

Net distributions to investors correspond to the variable payments of the net income of expenses and the management commission of the assets belonging to investors who are managed by the Group and leased to its customers. The majority of managed assets are containers. Containers are denominated in US dollars and leased in US dollars.

On a constant currency basis, distributions to investors decreased by €6.5 million or -3.3% due to the decrease in the fleet.

- **Freight Railcar**

In 2019, the Group managed 2,145 railcars (equivalent to 2,757 platforms) in Europe and the United States on behalf of third parties, compared with 1,949 railcars (2,528 platforms) in 2018.

- **Containers**

At 31 December 2019, the Group managed 376,056 CEUs for third parties, compared with 432,348 CEUs at 31 December 2018. The decrease in distribution to investors is explained by the reduction in the fleet of containers under management, following the disposal of older containers.

NOTE 10. DEPRECIATION AND IMPAIRMENTS

(in thousands of euros)	2019	2018	Variation 2019/2018	
Allocation for depreciation and impairment of assets	(20 125)	(17 130)	(2 995)	
Amortization of rights of use	(1 597)	(607)	(990)	
Depreciation allocations	**(21 722)**	**(17 737)**	**(3 985)**	**22,5%**
Other provisions	(41)	(4)	(37)	
TOTAL	**(21 763)**	**(17 741)**	**(4 022)**	**22,7%**

In 2019, provisions for depreciation and asset impairments amounted to €21.8 million, an increase of €4 million. This increase is explained by investments made in the Containers division and by the depreciation of overhauls and spare parts capitalization in the Freight Railcar division.

The allocations included €1.6 million of depreciation on right to use leases, following the application of IFRS 16 “Leases”.

In 2018, provisions for depreciation and asset impairments amounted to €17.7 million.

NOTE 11. OTHER OPERATING INCOME AND EXPENSES

In 2019, there are no other operating income and expenses.

In 2018, other operating income and expenses amounted to €0.2 million due to the compensation of tax audit liability guarantees in Morocco.

NOTE 12. FINANCIAL PROFIT OR LOSS

(in thousands of euros)	2019	2018	Variation 2019/2018	
Income in cash and cash equivalent	**38**	**20**		
Interest charges on financing operations	(11 884)	(10 081)		
Gross cost of financial debt	(11 884)	(10 081)		
Net cost of financial debt	**(11 846)**	**(10 061)**	**(1 785)**	**17,7%**
Gains and losses related to the discharge of debts	(1 883)	(228)		
Dividends received	19			
Interest paid on leases	(366)			
Discounted financial income and expenses	43	3		
Other financial income and expenses	(416)	43		
Other financial income and expenses	**(2 603)**	**(182)**	**(2 421)**	**1330,2%**
FINANCIAL PROFIT/LOSS	**(14 449)**	**(10 243)**	**(4 206)**	**41,1%**

Net financial charges increased by €4.2 million (+41.1%), up from €10.2 million in 2018 to €14.4 million in 2019.

The net financial expense is broken down into the cost of net financial debt and other financial income and expenses.

- The cost of borrowing increased by €1.8 million between the two periods, explained by new financing in the Containers and Corporate divisions and by an increase in interest rates (calculated on average debt) in the Containers and Freight Railcar divisions.
- Other financial income and expenses increased by €2.4 million.
  The other financial income and expenses included an exceptional foreign exchange loss of €1.2 million on intra-group loans in USD, which was not offset by a foreign exchange hedge with Monex Europe Markets Ltd, a UK broker licensed and regulated by the FCA in the United Kingdom.
  The variation is explained also by a €0.4 million increase in income from GBP exchange transactions in the Freight Railcar division, and a change in other financial income and expenses of -€0.4 million (ORNANE fair value, waiver fees, commission for non-use).
  Interest on rental debts amounts to €0.4 million, of which €0.1 million on operating leases and €0.3 million on finance leases.

NOTE 13. TAXES ON PROFITS

note 13.1. ANALYSIS OF THE TAX CHARGE RECOGNISED IN THE INCOME STATEMENT

Taxes on profits consist of taxes currently payable by Group companies and deferred tax arising from tax losses and temporary discrepancies between consolidated income shown in the Group's Financial Statements and income established for tax purposes.

The Group has opted for the tax consolidation system in the United States, France and the Netherlands and has formed the following groups:

- TOUAX Corp. and Gold Container Corp. : American tax group;
- TOUAX SCA, TOUAX Container Services SAS, TOUAX Corporate SAS and TOUAX River Barges SAS: French tax group;
- Eurobulk Transport Maatschappij BV and CS de Jonge BV: Dutch tax group.

note 13.1.1. BREAKDOWN OF THE INCOME TAX

Income tax expenses accounted for as profit/loss for the year amounted to €1.5 million (compared with €0.5 million in 2018). It is broken down as follows:

	2019			2018		
(in thousands of euros)	Current	Deferred	TOTAL	Current	Deferred	TOTAL
Europe	(52)	(609)	(661)	794	(522)	272
USA		4	4	(55)	(45)	(100)
Other	(807)	(21)	(828)	(682)	35	(647)
TOTAL	**(859)**	**(626)**	**(1 485)**	**57**	**(532)**	**(475)**

note 13.1.2. RECONCILIATION BETWEEN THE GROUP'S THEORETICAL TAX CHARGE AND THE TAX CHARGE ACTUALLY RECOGNISED

(in thousands of euros)		2019	2018
Current net income before global tax		**(55)**	**(2 131)**
Theoretical tax at the current French rate of taxation	28,00%	15	597
Restrictions on deferred tax items		(1 339)	(2 915)
Temporary differences		259	(174)
Permanent differences and other elements		(2 338)	647
New losses during the period			
Current benefit of earlier losses		247	1 163
Difference in tax rate		1 671	207
EFFECTIVE TAX INCOME	-2700,00%	**(1 485)**	**(475)**

Outstanding deferred tax assets in France not included in the accounts are estimated at €31.9 million. Outstanding deferred tax assets in the Netherlands not recognised in the accounts are estimated at €1.3 million for the River Barges division.

note 13.2. TAXES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

Deferred tax effects of swaps and futures net investment revaluations are included as shareholders' equity.

(in thousands of euros)	2018	Equity variation	2019
Redeemable stock warrants	(54)		(54)
Valuation of swaps	49	30	79
Revaluation of net investments			
TOTAL	**(5)**	**30**	**25**

note 13.3. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax position is as follows:

(in thousands of euros)	2019	2018
Deferred tax assets		95
Deferred tax liability	(2 616)	(2 114)
TOTAL	**(2 616)**	**(2 019)**

Net deferred tax liabilities are broken down as follows:

(in thousands of euros)	2019	2018
Impairment of fixed assets and restatement of lease	(19 468)	(23 092)
Deferred losses	16 966	22 021
Discounted financial fixed assets	(13)	(1)
Other	(101)	(947)
NET BALANCE	**(2 616)**	**(2 019)**

NOTE 14. NET INCOME FROM DISCONTINUED OPERATIONS

Net income from discontinued operations resulted in a price adjustment of €572 thousand (provisioned for €331 thousand at 31 December 2018), and legal fees (see note 33.2).

NOTE 15. NET INCOME PER SHARE

Basic earnings per share are calculated by dividing the company's net income by the weighted mean number of shares in circulation during the financial year. The shares held by the company are deducted.

Diluted income per share is calculated by adjusting the weighted mean number of shares in circulation so as to take account of the conversion of all the Shareholders' equity instruments that could dilute this figure. At 31 December 2019 the Group had no potentially dilutive shareholders' equity instruments.

	2019	2018
Net income in euros	**(2 697 896)**	**(4 158 368)**
Shares in circulation at 31 December	7 011 547	7 011 547
Weighted average number of shares in circulation	7 002 819	7 002 362
Potential number of shares		
- ORNANE 2015		
Weighted mean number of shares for calculating diluted income per share	**7 002 819**	**7 002 362**
NET INCOME PER SHARE		
- basic	(0,39)	(0,59)
- diluted	(0,39)	(0,59)

NOTES RELATING TO THE BALANCE SHEET

ASSETS

NOTE 16. GOODWILL

Changes in goodwill were as follows:

(in thousands of euros)	2018	Decreases	Conversion adjustment	Change in the scope of consolidation	2019
Freight Railcar					
SRF Railcar Leasing Ltd	547				547
Touax Rail Limited	4 554				4 554
TOTAL	**5 101**				**5 101**

No change in Goodwill was recorded in 2019.

Impairment tests

Impairment tests have been carried out for each cash-generating unit (CGU) for which goodwill is presented in the accounts. The recoverable value is based on the unit's value in use, equal to the amount of future cash flows, discounted using the weighted average cost of capital. Future cash flows are based on three-year forecasts and a terminal value estimated on the basis of forecast cash flows.

The table below describes the main assumptions for the CGUs presenting goodwill:

(in thousands of euros)	Value of associated goodwill	2018 discount rate	Indefinite growth rate 2018	2019 discount rate	Indefinite growth rate 2019
Freight Railcar	5 101	7,28%	1,90%	7,28%	1,90%
TOTAL	**5 101**				

The discount rates used are the weighted average cost of capital (WACC) estimated for each activity.

The growth rate used of 1.9% corresponds to the internal growth objectives for the European zone of the Freight Railcar division based on the rate of inflation.

Analyses of the sensitivity of the recoverable value to a possible change in a key assumption (including variation of +/-50 base points in the discount rate; change of +/- 50 base points in the growth rate to infinity and variation of +/-5% of the projected cash flows included in the terminal value) were performed on the CGU presenting an asset with an indefinite useful life.

Sensitivity analysis showed that a change of 50 base points in discount rates or growth rates or 5% in projected cash-flows would not result in the inclusion of an impairment in Group consolidated financial statements at 31 December 2019.

Sensitivity of the recoverable value according to a +/- 50 base point change in the rates applied:

(in thousands of euros)	Rate sensitivity				Flow level sensitivity	
	Discount rate		Indefinite growth rate		Change in future cash flows from terminal value	
	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp	+ 5%	- 5%
Freight Railcar	(29 339)	35 360	32 054	(26 622)	14 919	(14 919)

NOTE 17. INTANGIBLE ASSETS

(in thousands of euros)	2018	Purchases	Disposals	Allocations during the year	Exchange rate variations	Reclassifications and changes in the scope of consolidation	2019
Freight Railcar	515			(18)	(3)		494
River Barges	30			(10)	1		21
Containers	193	4	(1)	(120)	1	89	166
Other	11	8		(6)		20	33
TOTAL	**749**	**12**	**(1)**	**(154)**	**(1)**	**109**	**714**

Intangible assets mainly record licences and software.

NOTE 18. TANGIBLE ASSETS

note 18.1. BREAKDOWN BY TYPE

(in thousands of euros)	2019 Gross value	2019 Deprec.	2019 Net value	2018 Net value
Land and buildings	5 377	(2 536)	2 841	3 099
Equipment	395 327	(107 646)	287 681	281 379
Other tangible assets	8 403	(7 696)	707	1 036
Tangible assets (WIP)	5 627		5 627	2 658
TOTAL	**414 734**	**(117 878)**	**296 856**	**288 172**

note 18.2. CHANGES BY TYPE

(in thousands of euros)	2018	Purchases	Disposals	Exchange	IFRS 16 restatements	Reclassifications and changes in the scope of consolidation	2019
Land and buildings	5 431	7	(153)	92			5 377
Equipment	383 293	28 502	(20 830)	1 136	(18 131)	21 357	395 327
Other tangible assets	8 200	271	(23)	66	(62)	(49)	8 403
Tangible assets (WIP)	2 658	3 354		(65)		(320)	5 627
TOTAL (GROSS VALUES)	**399 582**	**32 134**	**(21 006)**	**1 229**	**(18 193)**	**20 988**	**414 734**
Land and buildings	(2 332)	(320)	153	(37)			(2 536)
Equipment	(101 914)	(19 679)	7 985	(181)	5 751	392	(107 646)
Other tangible assets	(7 164)	(507)	23	(61)	3	10	(7 696)
Tangible assets (WIP)							
TOTAL (AMORTIZATION)	**(111 410)**	**(20 506)**	**8 161**	**(279)**	**5 754**	**402**	**(117 878)**
Land and buildings	3 099	(313)		55			2 841
Equipment	281 379	8 823	(12 845)	955	(12 380)	21 749	287 681
Other tangible assets	1 036	(236)		5	(59)	(39)	707
Tangible assets (WIP)	2 658	3 354		(65)		(320)	5 627
TOTAL (NET VALUES)	**288 172**	**11 628**	**(12 845)**	**950**	**(12 439)**	**21 390**	**296 856**

Acquisitions concern Freight Railcar activity for €19.7 million, in River Barges activity for €1.6 million and Container activity for €10.7 million.

Disposals (gross value) relate to the Freight Railcar activity for €16.2 million, River Barges activity for €2.1 million and Container activity for €2.5 million.

The Group's tangible assets are made up of leasing equipment (freight railcar, river barges and containers). Unit values of freight railcar range from €10,000 for used 60-ft railcars to €125,000 for new, articulated intermodal railcars (106-ft). The unit values of river barges range from €150,000 for used barges (1,700-ton), to over €1 million for new barges (2,800-ton). The unit values of containers (20 feet) do not generally exceed $2,500.

NOTE 19. RIGHT OF USE

Leased assets have changed as follows (2018 data corresponds to assets accounted for under IAS 17 finance leases):

Right of use *(in thousands of euros)*	Real estate	Barges	Equipment	Vehicles and copiers	TOTAL
Amount at 01/01/2018		**13 048**	**378**		**13 426**
Increases			62		62
Depreciation		(668)	(3)		(671)
Reclassifications			(378)		(378)
Amount at 31/12/2018					**12 439**
Capitalization of leases	2 762			320	3 082
Increases	371	6 051		132	6 554
Reductions		(4 339)			(4 339)
Depreciation	(741)	(723)	(6)	(127)	(1 597)
Exchange rate fluctuations			1		1
Amount at 31/12/2019	**2 392**	**13 368**	**54**	**326**	**16 141**

The table below presents the right of use by sector and by type:

Right of use	2019		
(in thousands of euros)	Gross value	Amort.	Net value
Freight Railcars Division	**187**	**(13)**	**173**
Property lease	187	(13)	173
River Barges Division	**17 830**	**(4 401)**	**13 429**
Property lease	61	(17)	43
Property leases on barges	17 746	(4 378)	13 369
Property leases on vehicles	23	(6)	17
Containers Division	**759**	**(211)**	**547**
Property leases	649	(183)	466
Property leases on vehicles and copiers	109	(28)	81
Africa Modular Constructions Division	**315**	**(70)**	**245**
Property leases on equipment	63	(9)	54
Property leases on vehicles	252	(61)	191
Corporate Division	**2 304**	**(558)**	**1 745**
Property lease	2 235	(526)	1 709
Property leases on vehicles and copiers	68	(32)	36
TOTAL	**21 394**	**(5 254)**	**16 140**

NOTE 20. FINANCIAL ASSET INSTRUMENTS

Fair value of financial asset instruments

Financial assets valued at fair value by the corresponding income consist mainly of negotiable securities, which are carried at fair value. Long-term financial assets are discounted at the rate for risk-free lending (government bonds). The effects of financial instruments on income are shown in note 25.5 below.

Financial risk management policy is described in note 34.

Both swaps and cash and cash equivalents are valued at their fair value. For trade receivables, the book value is used for the fair value, as these credits are all very short term.

Other non-current financial assets are valued at their depreciated cost calculated using the effective interest rate.

Other non-current financial assets and other non-current fixed assets undergo impairment tests on the basis of the estimated future income streams.

note 20.1. NON-CURRENT FINANCIAL ASSETS

Financial asset at fair value *(in thousands of euros)*	**2019**	2018
Opening total	900	900
Conversion adjustment	3	
Closing total	**903**	**900**

Other Non Current financial assets - Gross value *(in thousands of euros)*	**2019**	2018
Opening total	10 242	9 010
Increases	67	2 741
Decreases	(2 734)	(1 635)
Conversion adjustment	72	125
Other changes	(3 300)	1
Closing total	**4 347**	**10 242**

Other Non Current financial assets - Depreciation by result *(in thousands of euros)*	**2019**	2018
Opening total		(135)
Conversion adjustment		135
Other changes		
Closing total		

Other Non Current financial assets - Net value *(in thousands of euros)*	**2019**	2018
Opening total	10 242	**8 875**
Closing total	**4 347**	**10 242**

TOTAL Long-term financial assets	**5 250**	**11 142**

- **Financial asset at fair value**

The Touax Group has a residual stake in the capital of TXRF4 (railcar asset company) for €0.9 million, or less than 3% of the capital.

- **Other non-current financial assets**

Other non-current financial assets mainly consisting of government securities for €3.5 million and other securities for the balance.

note 20.2. OTHER NON-CURRENT FINANCIAL ASSETS

Finance lease receivables - Gross value *(in thousands of euros)*	**2019**	2018
Opening total	289	563
Increases		72
Decreases	(115)	(353)
Conversion adjustment	2	7
Closing total	**176**	**289**

Finance lease receivables - Impairment in income statement *(in thousands of euros)*	**2019**	2018
Opening total		
Closing total		

Finance lease receivables - Net value *(in thousands of euros)*	**2019**	2018
Opening total	289	563
Closing total	**176**	**289**

Derivatives asset instruments at fair value *(in thousands of euros)*	**2019**	2018
Opening total	815	
Change in fair value	(841)	1 019
Other changes	26	(204)
Closing total		**815**

Trade receivables - Gross value *(in thousands of euros)*	**2019**	2018
Opening total	1 248	3 453
Increases	431	111
Decreases	(68)	(69)
Conversion adjustment	6	47
Other changes	(689)	(2 294)
Closing total	**928**	**1 248**

Trade receivables - Impairment loss *(in thousands of euros)*	**2019**	2018
Opening total		
Closing total		

Trade receivables - Net value *(in thousands of euros)*	**2019**	2018
Opening total	1 248	**3 453**
Closing total	**928**	**1 248**

TOTAL Other non-current financial assets	**1 104**	**2 352**

The Group's assets include assets held under hire-purchase agreements, in which it acts as lessor, amounting to a net book value of €0.3 million (€0.2 million in other non-current assets and €0.1 million in other current assets) and a historical cost of €1.4 million.

(in thousands of euros)	**Future payments (min.)**	**Updated minimum future payments**
For less than one year	145	116
Between one and five years	233	176
Over five years		
TOTAL	**378**	**292**
Present value adjustment, finance leases	86	
UPDATED MINIMUM FUTURE PAYMENTS	**292**	**292**
Presentation of finance lease credits in the Balance Sheet		
Other current assets		116
Other non-current assets		176
TOTAL		**292**

The interest rate applied to hire-purchase contracts is determined on the day the contract is signed. The average rate of interest used was 8.7% at 31 December 2019. The interest income from hire-purchase contracts is recorded under leasing revenues (€0.1 million in 2019 and in 2018).

EBITDA

For the Group, EBITDA corresponds to recurring operating income restated for depreciation and provisions. EBITDA is a non-accounting concept but is particularly used by financial analysts, investors and other users of financial statements to measure the operational performance of the activity. Users of the Group's Financial Statements would find the restated EBITDA shown below to be a better measure of this performance.

Restated EBITDA

Restated EBITDA is EBITDA plus capital repayments of the net investment in hire-purchase granted to customers, amounting to €0.3 million at 31 December 2019.

(in thousands of euros)	Freight Railcar	River Barges	Containers	Other	**2019**
EBITDAR (gross operating margin)	28 463	3 502	56 666	1 490	90 121
Net distributions to investors	(5 552)		(47 840)		(53 392)
EBITDA	**22 911**	**3 502**	**8 826**	**1 490**	**36 729**
Principal payments of finance-lease receivables received		78	215		293
Restated EBITDA	**22 911**	**3 580**	**9 041**	**1 490**	**37 022**

NOTE 21. INVENTORIES AND WORK IN PROGRESS

Inventories and WIP include equipment to be sold as well as spare parts. The equipment is mainly intended to be sold to investors under asset management programs.

	2019				2 018
(in thousands of euros)	**Gross value**	**Prov.**	**Net value**	**Change**	**Net value**
Equipment	18 327	(114)	18 213	(26 693)	44 906
Spare parts	25 453		25 453	3 175	22 278
TOTAL	**43 780**	**(114)**	**43 666**	**(23 518)**	**67 184**

The inventory of the Freight Railcar division holds spare parts stocks of €24.5 million and railcars for €5.2 million.

The inventory of containers corresponds to about 8,300 CEUs worth a total of €12.2 million.

The Modular Buildings business in Africa has an inventory of goods or goods in production worth €0.5 million and raw materials worth €1 million.

NOTE 22. RECEIVABLES AND RELATED ACCOUNTS

Trade receivables - Gross value *(in thousands of euros)*	**2019**	2018
Opening total	38 041	43 957
Change	(3 069)	(9 302)
Conversion adjustment	434	1 045
Other changes	166	2 342
CLOSING TOTAL	**35 572**	**38 041**

Trade receivables - Impairment in income statement *(in thousands of euros)*	**2019**	2018
Opening total	(8 933)	(14 382)
Increases	(3 900)	(2 908)
Decreases	5 816	8 668
Conversion adjustment	(81)	(264)
Other changes		(47)
CLOSING TOTAL	**(7 098)**	**(8 933)**

Trade receivables - Net value *(in thousands of euros)*	**2019**	2018
Opening total	29 108	29 575
CLOSING TOTAL	**28 474**	**29 108**

On first booking, trade receivables are recognised at their fair value which corresponds to their nominal value. At 31 December 2019, outstanding customer receivables totalled €28.5 million on the balance sheet. This is a reasonable estimate of the fair value.

The average duration of customer credit is 51 days. The average duration of customer credit was 57 days in 2018.

Before a new customer is accepted, the Group checks its solvency with credit rating agencies and determines the applicable credit limits.

At 31 December 2019 the Group recorded net overdue receivables of €10.3 million, the vast majority of which is outstanding for less than six months.

Aged balance 2019 *(in thousands of euros)*	Trade receivables, gross	Depreciation	Trade receivables
Unmatured	18 192	(63)	18 129
0 - 6 months	8 477	(1 236)	7 241
6 -12 months	1 353	(686)	667
> 1 year	7 550	(5 113)	2 437
TOTAL	**35 572**	**(7 098)**	**28 474**

NOTE 23. OTHER CURRENT FINANCIAL ASSETS

(in thousands of euros)	**2019**	2018
Deferred expenses	707	1 082
Taxes	5 107	4 109
Finance leasing receivables of less than one year	116	289
Other	4 334	775
TOTAL	**10 264**	**6 255**

Taxes and Duties are mainly made up of VAT at the end of period.

Other current assets are all recoverable within one year.

NOTE 24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents *(in thousands of euros)*	**2019**	2018
Investments of less than three months	1 008	1 004
of which, Negotiable securities		
Cash	38 269	28 242
CLOSING TOTAL	**39 277**	**29 246**

The balances of cash and cash equivalents shown on the Group's balance sheet at 31 December 2019 include €16.2 million in cash unavailable for Group daily cash management. This balance corresponds largely to €3.3 million of contractual reserves on asset financing companies, and €12.6 million due to the cash flow of companies not 100% owned.

NOTE 25. FINANCIAL LIABILITIES

Non-current and current financial liabilities are classed as “Borrowings and Financial Debts” and “Borrowings and Current Bank Facilities”. Lease liabilities are no longer included in liabilities since the application of IFRS 16 on 1 January 2019 (see note 26).

note 25.1. ANALYSIS OF FINANCIAL LIABILITIES BY CATEGORY

	2019			2018		
(in thousands of euros)	**Non-current**	**Current**	**TOTAL**	**Non-current**	**Current**	**TOTAL**
Bonds	26 282	781	27 063	16 402	24 275	40 677
Medium/long-term loans with recourse	41 585	10 965	52 550	5 677	7 912	13 589
Finance-lease commitments with recourse (1)				2 541	3 754	6 295
Renewable lines of credit with recourse		3 000	3 000		2 000	2 000
Debts without recourse	47 142	107 285	154 427	144 351	15 362	159 713
Bank overdrafts payable with recourse		597	597		1 902	1 902
Bank overdrafts payable without recourse		107	107		487	487
Derivative instruments with recourse						
Derivative instruments without recourse		850	850		853	853
TOTAL FINANCIAL LIABILITIES	**115 009**	**123 585**	**238 594**	**168 972**	**56 544**	**225 516**

(1) At 31 December 2019, finance lease commitments are recognized as lease liabilities (excluding borrowings), following the application of IFRS 16.

Non-recourse debts are not guaranteed by the Group's parent company TOUAX SCA. This relates to:

- Asset financing is not guaranteed by the parent company TOUAX SCA. Debt must be serviced by the income generated from the assets financed (from leasing income and sale proceeds);
- Financing is granted to consolidated subsidiaries even if not wholly owned by the Group.

According to IAS 7, changes in net financial debt are presented in the table below:

2019 *(in thousands of euros)*	Opening	Net cash flow	Non cash "variations" Changes in scope of consolidation	Exchange rate effects	Fair value changes	Other variations	Total "Non cash"	Closing
Bonds	40 677	(13 407)			(281)	74	(206)	**27 063**
Medium/long-term loans with recourse	13 589	38 407		259		295	554	**52 550**
Finance-lease commitments with recourse (1)	6 295			1		(6 296)	(6 295)	**0**
Renewable lines of credit with recourse	2 000	1 000						**3 000**
Debts without recourse	159 713	(6 491)		612		593	1 205	**154 427**
Derivative instruments with and without recourse	853				(30)	26	(3)	**850**
Subtotal	**223 127**	**19 509**		**872**	**(311)**	**(5 307)**	**(4 745)**	**237 891**
Bank overdrafts payable with and without recourse	2 389	(1 371)	(316)	2			(314)	**704**
Total financial liabilities	**225 516**	**18 138**	**(316)**	**874**	**(311)**	**(5 307)**	**(5 059)**	**238 594**

(1) At 31 December 2019, finance lease commitments are recognized as lease liabilities (excluding borrowings), following the application of IFRS 16.

2018 *(in thousands of euros)*	Opening	Net cash flow	Non cash "variations" Exchange rate effects	Fair value changes	Other variations	Total "Non cash"	Closing
Bonds	30 038	9 536		428	675	1 103	**40 677**
Medium/long-term loans with recourse	15 918	(2 961)	608		24	632	**13 589**
Finance-lease commitments with recourse	7 947	(1 653)	1			1	**6 295**
Renewable lines of credit with recourse	23 697	(475)			(21 222)	(21 222)	**2 000**
Debts without recourse	131 242	5 237	1 428		21 806	23 234	**159 713**
Derivative instruments with and without recourse	979	(2)		79	(203)	(124)	**853**
Subtotal	**209 821**	**9 682**	**2 038**	**507**	**1 081**	**3 623**	**223 127**
Bank overdrafts payable with and without recourse	1 101	1 269	19			19	**2 389**
Total financial liabilities	**210 922**	**10 950**	**2 056**	**507**	**1 081**	**3 642**	**225 516**

IFRS 7.8 defines the following categories of financial instruments:

At 31 December 2019

Financial liabilities categories *(in thousands of euros)*	Consolidated financial statements	Measured at fair value	% diff.	Sensitivity: +1%	diff. with fair value
Financial liabilities valued at depreciated cost	237 744	244 011	2,64%	241 304	-1,11%
Financial liabilities valued at fair value	850	850	0,00%		0,00%
TOTAL	**238 594**	**244 861**	**2,63%**	**241 304**	**-1,45%**

At 31 December 2018

Financial liabilities categories *(in thousands of euros)*	Consolidated financial statements	Measured at fair value	% diff.	Sensitivity: +1%	diff. with fair value
Financial liabilities valued at depreciated cost	201 382	203 278	0,94%	202 024	-0,62%
Financial liabilities valued at fair value	24 134	24 134			
TOTAL	**225 516**	**227 412**	**0,84%**	**202 024**	**-11,16%**

As indicated in note 1.17.3, financial liabilities are valued at their depreciated cost using the effective interest rate method, with the exception of redeemable bonds (ORNANE) fully repaid at the end of September 2019. To value at fair value, the level used is level 3.

Applying the fair value principle would value financial liabilities at €244.9 million, using the average rate of fixed-rate debt at 31 December 2019.

The fair value of fixed-rate debt is determined for each borrowing by discounting future cash-flows. The discount rate used is the average rate of fixed-rate debt considered representative of the financing rate for the Group's risk class in the absence of listed securities (credit derivatives or bond yields).

The net book value of variable-rate debt (both long-term and short-term) provides a reasonable approximation of their fair value.

Derivative liabilities are assessed using the values obtained from first-rate financial institutions.

note 25.2. BREAKDOWN BY DUE DATE OF CONTRACTUAL LOAN PAYMENTS AT 31 DECEMBER 2019

(in thousands of euros)	2020	2021	2022	2023	2024	+ 5 years	TOTAL
Bond loans without recourse	781	1		16 282		10 000	27 063
Medium/long-term loans with recourse	10 965	264	287	287	38 272	2 474	52 550
Revolving loans and other debts with recourse	3 597						3 597
Debts without recourse	108 242	4 490	3 816	30 923	1 819	6 094	155 384
TOTAL CAPITAL FLOW ON LOANS	**123 585**	**4 754**	**4 104**	**47 492**	**40 091**	**18 567**	**238 594**
Future interest flow on loans	8 849	8 412	6 163	5 938	5 313	4 359	39 033
TOTAL FLOW ON LOANS	**132 434**	**13 166**	**10 267**	**53 431**	**45 404**	**22 926**	**277 627**

Future interest payable on variable rate loans is estimated based on the interest rates applicable at 31 December 2019.

Borrowing maturities include the regular annual depreciation of loans up to their extension and the depreciation of certain loans. At 31 December 2019, the total for lines to be renewed in 2020 is €113.1 million. To ensure its ability to repay these debts in fine, the Group particularly monitors the loan-to-value ratio and the amounts of assets to be refinanced or that are free of finance which enable it to refinance these lines.

Work is already underway to refinance these lines, as specified in note 34.3

note 25.3. COMMITMENTS AND SPECIFIC CLAUSES OF THE LOANS

The default clauses on non-compliance with financial ratios (financial covenants) of recourse debts concern medium-term bank and obligatory loans (€PP). They entitle credit institutions and/or investors to insist on early repayment if the terms of these are not met.

The financial covenants calculated on the Group's consolidated financial statements are presented in the following table:

Borrower	Touax Hydrovia Corp	Touax SCA	Touax SCA	Touax SCA
Type of facility	bilateral	Private Euro Placement	Private Euro Placement	Loan
Period and issue mode	7 year long-term redeemable debt	5 years in fine	5 years and 6 months	5 years
Maximum amount	\$22.3 m	€16.6m	€10m	€40m
Outstanding 31/12/2019	11.2 m USD	€16.6m	€10m	€40m
Scope of calculation	TOUAX SCA consolidated financial statements	consolidated financial statements TOUAX SCA	consolidated financial statements TOUAX SCA	TOUAX SCA consolidated financial statements
Gearing (net financial debt with recourse/shareholders' equity)	Below 1.9			
Loan to Value		less than or equal to 70%	less than or equal to 70%	less than or equal to 70%
Interest Coverage (restated EBITDA after distribution / Net financial expenses)	greater than 1.5	greater than or equal to 2	greater than or equal to 2	greater than or equal to 2
Asset Valuation Ratio (FMV/NBV)				greater than 1.0 (annual)
Net Leverage Ratio (net financial debt/restated Ebitda)				less than or equal to 7.5 (semi-annual)
Frequency of covenant calculations	Semi-annual	Annual	Annual	Semi-annual / Annual
Loan maturity date	30/06/2020	31/07/2023	01/02/2025	21/06/2024
Guarantees	package of guarantees	no	no	package of guarantees
Cross-default clauses	**default on a debt greater than €5 million within the scope of calculation**	**default on a debt greater than €5 million within the scope of calculation**	**default on a debt greater than €5 million within the scope of calculation**	**default on a debt greater than €5 million within the scope of calculation**

Financing of assets and acquisitions borne by dedicated companies also include financial covenants that may result in compulsory prepayment of the loans concerned.

Financial covenants calculated on the Group's consolidated financial statements were honoured as at 31 December 2019.

Within the legal documentation, clauses requiring control of the Group by the WALEWSKI family have also been included.

Note that the TOUAX Group has no official financial credit rating and that in the financing agreements there is no advanced repayment clause which could be triggered by a lower credit rating.

note 25.4. ANALYSIS OF THE INDEBTEDNESS

Consolidated net financial debt is as follows:

(in thousands of euros)	**2019**	2018
Financial liabilities	238 594	225 516
Active Derivative Instruments		815
Negotiable securities & other investments	1 008	1 004
Liquid assets	38 269	28 242
CONSOLIDATED NET FINANCIAL DEBT	**199 317**	**195 455**
Debt without recourse	155 384	161 053
FINANCIAL INDEBTEDNESS EXCLUDING DEBT WITHOUT RECOURSE	**43 933**	**34 402**

Recourse debt corresponds to asset financing for which TOUAX SCA does not collateralize. The lenders are secured primarily by the assets being financed and their underlying leasing contracts.

- **Financial liabilities broken down by currency**

(in thousands of euros)	**2019**	2018
Euro (EUR)	154 116	143 009
US dollar (USD)	51 037	49 345
Pound (GBP)	18 484	19 371
Other	14 956	13 791
TOTAL	**238 594**	**225 516**

- **Breakdown of gross debit by fixed rate – variable rate (including hedging instruments)**

Breakdown before cover:

(in thousands of euros)	**2019**	2018
Fixed rate	95 853	75 135
Variable rate	142 740	150 380
TOTAL	**238 594**	**225 516**

Breakdown after cover:

(in thousands of euros)	**2019**	2018
Fixed rate	188 028	181 889
Variable rate	50 566	43 627
TOTAL	**238 594**	**225 516**

- **Average rate of gross debt by currency**

	2019	2018
Average debt rate in Euro (EUR)	4,27%	3,55%
Average debt rate in US dollar (USD)	4,95%	5,30%
Average debt rate in pounds (GBP)	3,98%	4,04%
Average debt rate in other currencies	8,72%	8,13%
AVERAGE RATE OF OVERALL GROSS DEBT	**4,68%**	**4,26%**

note 25.5. EFFECT OF FINANCIAL INSTRUMENTS ON NET INCOME

(€ thousands)	Financial assets measured at amortized cost	Financial instruments at fair value	2019
Dividends received		19	19
Financial expenses	(11 884)	192	(11 692)
Financial charges on rental contracts	(366)		(366)
Effect on income	**(12 250)**	**211**	**(12 039)**
Currency gain/loss			(1 883)
Effect of present value adjustment,			43
Earnings from cash deposits			38
Other			(609)
FINANCIAL PROFIT OR LOSS			**(14 450)**

(€ thousands)	Financial assets measured at amortized cost	Financial instruments at fair value	2018
Financial expenses	(10 043)	157	(9 886)
Effect on income	**(10 043)**	**157**	**(9 886)**
Currency gain/loss			(227)
Effect of present value adjustment,			3
Earnings from cash deposits			20
Other			(153)
FINANCIAL PROFIT OR LOSS			**(10 243)**

NOTE 26. LEASE LIABILITIES

Lease liabtilities by segment and by type

The table below presents the lease liability by segment and by type:

Lease liabilities	2019		
(in thousands of euros)	Non current	Current	Total
Freight Railcars Division	**152**	**24**	**176**
Property lease	152	24	176
River Barges Division	**9 290**	**1 050**	**10 339**
Property lease	27	17	44
Property leases on barges	9 251	1 027	10 278
Property leases on vehicles	11	6	17
Containers Division	**344**	**215**	**560**
Property leases	297	180	478
Property leases on vehicles and copiers	47	35	82
Africa Modular Constructions Division	**137**	**91**	**228**
Property leases on equipment	12	22	34
Property leases on vehicles	125	69	194
Corporate Division	**1 173**	**515**	**1 689**
Property lease	1 158	494	1 652
Property leases on vehicles and copiers	15	21	36
TOTAL	**11 097**	**1 895**	**12 992**

Breakdown by due date of lease liability

Future payments relating to lease debts are broken down by due date as follows:

(in thousands of euros)	2019
Less than a year	1 895
From 1 to 5 years	5 752
More than 5 years	5 345
TOTAL	**12 992**

Variation in lease liabilities according to IAS 7

As per IAS 7, variations to lease liability are presented in the table below:

2019 *(in thousands of euros)*	Opening	Net cash flow	"non-cash" variations Exchange rate effects	Other variations	Total "non cash"	Closing
Real estate leases		(782)	(2)	3 134	3 132	**2 350**
Equipment leases for barges and other equipment		(919)		11 231	11 231	**10 312**
Equipment leases for vehicles and copiers		(123)		453	453	**330**
Total lease liabilities		**(1 824)**	**(2)**	**14 818**	**14 816**	**12 992**

NOTE 27. SHAREHOLDERS' EQUITY

Details of Shareholders' Equity are given in the Schedule of Changes in Shareholders' Equity.

Management of capital

The Group's objective in managing its Shareholders' equity is to maximise the company's value by arranging for an optimal capital structure that minimises the cost of capital and ensures the best possible return to shareholders.

The Group manages its borrowing structure by optimising its debt/shareholders' equity ratio in the light of changes in economic conditions, its own objectives, and management of its risks. It assesses its working capital requirements and its expected return on investment, in order to control its financing requirements. Depending on the growth of its market and expectations of managed assets' profitability, the Group decides whether to issue new equity or to sell assets to reduce its debt.

The Group uses its gearing ratio as an indicator for managing its debt/shareholders' equity ratio. This ratio corresponds to the net debt with and without recourse divided by Shareholders' Equity. The debt/equity ratios are as follows:

(in thousands of euros)	**2019**
Debts with recourse	83 210
Debts without recourse	155 384
Total shareholders' equity	123 085
Debt ratio (excluding debt without recourse)	0,68
Debt ratio of debt without recourse	1,26
DEBT RATIO	1,94

Hybrid securities

The Group made two issues of Undated Super Subordinated Notes (TSSDI) in 2013 and another in 2014, constituting a single stub to the amount of €50.8 million. The Group will have the option to pay them back at par value from August 2019. The Group did not exercise the option to repurchase the instrument on 01/08/2019. Since then, the Group has had an option to buy every 3 months. In addition, the coupon is quarterly at variable rate since then (01/08/2019). The payment of the coupon depends on the payment of a dividend by the parent company. In accordance with IFRS standards, these securities are recognised as capital stock. This financial instrument enhances the structure of the Group's balance sheet when considering the lifetime of the Group's assets and its business development financing requirements.

Hybrid Securities *(in thousands of euros)*	Tranche 1	Tranche 2	Tranche 3	**TOTAL**
Issue price	20 525	12 250	18 025	50 800
Net costs	(481)	(156)	(2)	(639)
Hybrid securities net of issue costs	**20 044**	**12 094**	**18 023**	**50 161**
Received Coupons		301	1 158	1 460
TOTAL	**20 044**	**12 395**	**19 182**	**51 621**

Non-controlling interests (minority interests)

Minority interests amounted to €25 million. These correspond to the participation of financial partners, mainly in the SRFRL company for €14 million and in the TRF3 company for €13 million.

NOTE 28. PROVISIONS

(in thousands of euros)	2018	Allocation	Reversal used	Reversal not used	Exchange	Reclassification	**2019**
Other (Africa and Holding)	504	69	(479)		1		95
Provision for Risks	**504**	**69**	**(479)**		**1**		**95**

Risk provisions are for industrial risk.

The reversal mainly relates to disputes over the adjustment of the sale price of Touax Solutions Modulaires shares in 2017.

NOTE 29. PENSION AND SIMILAR LIABILITIES

Changes in superannuation commitments can arise from:

- of personnel movements (arrivals of new personnel and departures),
- acquisition of entitlement by staff members during their employment within the business,
- changes in pay, and other actuarial assumptions.

(in thousands of euros)	2018	Allocation	REVERSAL	Change in the scope of consolidation	Change in exchange rate	Reserves	2019
River Barges	31	35	(31)			5	40
Containers	38	5				9	52
Other	284	315	(284)			32	347
TOTAL	**353**	**355**	**(315)**			**46**	**439**

The following assumptions were made to assess superannuation commitments:

- Employees' predicted length of service, calculated using probability coefficients for the various age groups,
- A discount rate of 0.7%,
- Pay rises of 2.03%,
- Changes in assumptions set the retirement age at 62 for non-executives and 65 for executives.

NOTE 30. OTHER LONG-TERM LIABILITIES

(in thousands of euros)	2019	2018
Containers		543
TOTAL		**543**

Other long-term liabilities represent operating debt due in more than one year for the Container activity.

NOTE 31. TRADE PAYABLES

(in thousands of euros)	2019	2018
Freight Railcar	9 086	7 589
River Barges	819	872
Containers	2 261	1 928
Other	3 933	3 695
TOTAL	**16 099**	**14 084**

All Trade Payables are due within one year.

NOTE 32. OTHER CURRENT LIABILITIES

(in thousands of euros)	2019	2018
Trade payables of assets	8 919	25 404
Tax and social debts	8 983	3 938
Operating liabilities	25 488	29 375
Deferred income	776	1 016
Other current liabilities	8 760	7 443
TOTAL	**52 926**	**67 176**

In 2019, supplier asset-liability debt accounted for €5.3 million for the purchase of containers and €3.6 million for the purchase of railcars. In 2018, supplier asset-liability debt accounted for €24.5 million for the purchase of containers and €0.9 million for the purchase of railcars.

Operating liabilities mainly represent debts related to the distribution to investors of leasing and sales activities. The variation is mainly due to the containers activity.

Other current liabilities mainly include the amounts due to investors in respect of compensation paid by clients in relation to lost or damaged materials.

NOTE 33. CONTINGENT LIABILITIES

note 33.1. TAX AUDIT

Touax Container Investment Ltd has been audited by the tax authorities since 2012. This audit resulted in numerous requests for information to which we responded in a precise and documented manner. In continuance of the adversarial procedure, the Group was legally obliged to buy Tax Reserve Certificates (equivalent to 4.4 million USD since the beginning of the audit to date). As the Company and the tax authorities are still in disagreement, the case is now filed with the court of first instance. Since the position of the administration is unfounded according to our analyses, no provision has been recorded in the accounts to date.

Touax Maroc was audited for tax for the period 2014 to 2017. The accounts were rejected and we initiated an appeal to the National Tax Appeal Commission in parallel with ongoing exchanges with the tax authorities. The authorities' position appears in our analysis largely unfounded and the adjustments required only have an impact on non-activated tax deficits. Thus, no provisions have been recorded in the accounts.

note 33.2. GUARANTEE OF LIABILITIES

A guarantee of assets and liabilities was agreed in 2017 with the purchaser of European modular buildings activity, WH BIDCO.

This guarantee on asset and liability granted for potential corporate and commercial litigation is still applicable. No provision has been recorded against this guarantee in the accounts to 31 December 2019.

NOTE 34. RISK MANAGEMENT

note 34.1. MARKET RISK

Financial and market risks include currency risk, interest-rate risk, equity risk, and counterparty risk.

Interest rate and currency risks are monitored through monthly reporting and are managed centrally within the Group Treasury and Finance department, which reports them to the Management Committee on a monthly basis.

This reporting includes loans from financial institutions as well as loans made between Group subsidiaries under treasury agreements. The information is checked, analysed, consolidated and forwarded to the Executive Committee.

note 34.2. CREDIT RISK

Credit risk is dealt with in note 22.

note 34.3. LIQUIDITY RISK AND COUNTERPARTY RISK

- **Liquidity risk**

Liquidity risk is managed by the Treasury and Financing Department, which reports to the General Administration and Finance Department. Overall cash flow management at Group level allows compensation for surplus cash and cash requirements in order to limit the use of financial borrowing.

Liquidity risk management is assessed based on the Group's 5-year plan, the annual cash flow budget and quarterly, monthly, weekly and daily cash-flow forecasts. These forecasts reflect the anticipated operating cash flows of each of the divisions and the Group's debt maturities. They therefore make it possible to define the financial strategy established with the executive committee. The objective is to meet the Group's maturities, to best back the service of debts to the income generated by the assets, while trying to optimise the financial cost of the debt and to finance, if necessary, the Group's growth.

To this end, the Group has credit lines confirmed by its financial partners, mainly in the form of (i) medium-long-term loans, (ii) asset financing lines (borrowing and finance leasing) and (iii) bond borrowing.

All of the loans are negotiated or approved by the Treasury and Finance Department after agreement from the Group's management in order to control the legal and financial commitments (both on and off the balance sheet) made by the Group.

Some loans include drawdown conditions (asset eligibility) and others include financial commitments (ratios) that the Group must comply with, as indicated in note 25.3.

To meet its borrowing obligations, the Group has cash flows available from asset leasing and sales, and is establishing a program to (re)finance assets for renewing or refinancing end of term redeemable lines as detailed in note 25.2.

A liquidity risk can occur if the Group does not have sufficient resources to meet its short-term needs, particularly its loan maturity dates. The liquidity risk of the Group thus largely depends on its ability to refinance the in fine lines coming to maturity.

The Group's refinancing capacity depends on the amount of unfunded assets and the Group's loan to value ratio, which stood at 54% at the end of 2019, relatively stable against 52% at the end of 2018. Where appropriate, the Group may have to implement larger syndications or disposals of assets in the short or medium term. Already, €1 million of these debts correspond to railcar assets already identified for syndication.

At 31 December 2019, the Group held €39.3 million in cash, €3 million of undrawn available lines and the equivalent of €1.9 million of assets in inventory, to be sold to investors in addition to fixed assets.

The Group's future maturities are detailed in note 25.2. The breakdown of 2020 with recourse and non-recourse debt maturities is as follows:

(in millions of Euros)	**2020**
Maturities of medium long-term credit with recourse	11,0
Maturities of bonds with recourse	0,8
Non-recourse debt maturities	108,2
Annually revolving credit terms	3,6
TOTAL	**123,6**
Financial costs (estimated)	8,8
TOTAL	**132,4**

The amount of depreciation, amortization and repayment of medium and long-term recourse loans of €11 million corresponds mainly to asset financing (barges) for €10.3 million.

The amortization of non-recourse debt of €108.3 million mainly corresponds to asset financing of €66.5 million for the Freight Railcar division and €38.9 million for the Container division.

The Group intends to refinance these outstanding liabilities through new financing of long-term assets and/or corporate as well as by the sale (syndications) of assets to investors. The Group believes that it is able to cope with these refinancings thanks to favourable Loan to Value levels of this financing.

The timetable of dates when the Group's debt falls due is as follows:

(in millions of Euros)	**TOTAL**	2020	2021	2022	2023	2024	+ 5 years
Debts with recourse	83,2	15,3	0,3	0,3	16,6	38,3	12,5
Debts without recourse	155,4	108,2	4,5	3,8	30,9	1,8	6,1
TOTAL	**238,6**	**123,6**	**4,8**	**4,1**	**47,5**	**40,1**	**18,6**

Counterparty risk for the Group

It consists of the following 3 main risks:

- cancellation of approved credit lines following the default of a lender ;
- counterparty default in the unwinding of an over-the-counter derivative ;
- non-repayment of cash surpluses invested in spot or futures markets with a financial institution or as part of an investment.

The Group prefers financial institutions with first-rate banks, in other words institutions with excellent credit ratings from international credit rating agencies, for both renewable credit facilities and over-the-counter trading of hedging derivatives.

The Group only invests its surpluses in non-dynamic monetary investment products with first-rate banks in spot or futures markets.

Accordingly, the TOUAX Group believes that its exposure to counterparty risk remains limited. The Group therefore does not use any derivative instruments to manage this counterparty risk.

note 34.4. INTEREST-RATE RISK

To carry out its investment policy, the TOUAX Group uses debt. A majority of the Group's debt is concluded at variable rates. Interest rate risk is thus mainly linked to these variable rate loans.

To limit the negative impact of a rise in short-term rates (although certain reference rates were negative in 2019) the Group's policy is not to speculate on interest rates and use plain vanilla derivatives. The Group negotiates new fixed-rate or variable-rate loans according to its ability to vary the fixed to variable rate distribution of its debt.

At 31 December 2019, fixed-rate debt (after hedging operations) represents approximately 79% of total debt.

Hedging of Interest Rate Risk

The Group obtains financing at both variable and fixed rates, and uses interest rate derivatives in order to reduce its net exposure to interest rate risk. It should be recalled that these instruments are never held for speculative purposes.

Those instruments are mainly interest rate swap agreements, but the Group may occasionally use interest rate options (by purchasing caps or floor). These instruments are traded over-the-counter with first-rate bank counterparties.

The following describes off-balance sheet financial instruments at 31 December 2019:

(in thousands of euros)	**Nominal amount**	**Nominal amount distributed by maturity**			**Valuation on 31/12/19**
		< 1 year	**from 1 to 5 years**	**> 5 years**	
Fixed rate borrower/fixed rate lender rate swaps					
EUR Euribor / fixed rate	71 486	39 785	31 897		
USD Euribor / fixed rate	8 438	8 438			
GBP Euribor / fixed rate	12 251	12 251			
TOTAL INTEREST RATE HEDGING	**92 175**	**60 474**	**31 897**		**(818)**

In accordance with the lenders' requirements, the Group has set up the following hedging instruments:

- In 2015, when a Freight Railcar financing line was refinanced for €55 million (SRFRL joint venture), a swap aimed at hedging variable interest rate fluctuations (EURIBOR) was put in place covering 90% of the Long Term Loan in euros.

- In 2016, at the EUR and GBP refinancing of a €29.7 million-equivalent Freight Railcar financing line (TRF3 joint venture), a swap to cover variable interest rate fluctuations (LIBOR GBP) had been set up covering 75% of the Long Term Loan in GBP, with the EUR share being hedged by using a cap.
- In 2018, when a Freight Railcar financing line (TRF/TRF2) was refinanced for €48 million, a swap aimed at hedging variable interest rate fluctuations (EURIBOR) was put in place covering 90% of the Long Term Loan in euros. An adjustment to this swap was made in December 2019 following syndication.
- In 2018, when refinancing an equivalent of €22.7 million container financing line (TCAF), a swap to hedge variable interest rate fluctuations (LIBOR USD) was set up to cover 50% of the Long Term Loan in USD.

The fair value of these hedges was -€818 thousand at 31 December 2019.

The impact of derivative instruments on the gross debt per currency is presented below:

(in thousands of euros)	Amounts on 31 December 2019		
	before hedging operations	Impact of derivatives	after hedging operations
Euro at fixed rate	68 907	71 486	140 393
Euro at variable rate	85 209	(71 486)	13 723
Dollar at fixed rate	12 099	8 438	20 537
Dollar at variable rate	38 938	(8 438)	30 500
Pound at fixed rate		12 251	12 251
Pound at variable rate	18 484	(12 251)	6 234
Other currencies at fixed rate	14 847		14 847
Other currencies at variable rate	109		109
TOTAL fixed rate debt	95 853	92 175	188 028
TOTAL variable rate debt	142 740	(92 175)	50 566
TOTAL DEBT	**238 594**		**238 594**

Sensitivity to changes in interest rates

A 1% increase in short-term interest rates would directly impact the Group's financial charges of approximately €0.5 million, or approximately 4.6% of theoretical financial costs at 31 December 2019. This theoretical calculation is determined after taking into account derivatives, on the assumption that gross debt remains stable over the coming financial year.

note 34.5. CURRENCY RISK

Operational currency risk

The TOUAX Group has an international presence and activity. It is therefore exposed to currency fluctuations. In fact, the US dollar accounted for nearly 50% of the Group's activities.

Despite this significant exposure to currencies, the Group considers that it is subject relatively little to operational currency risk because most of its expenses are denominated in the same currency as income. In addition, financings at Group subsidiary level are generally made in local currency.

However, the Group may need to set up hedges for its budget or for orders when operational currency risks are identified. In this case, the hedging instruments used are forward sales or purchases, or plain vanilla options.

The Group's main identified operational currency risks are related to:

- the structure of overheads for the Containers business, which are mostly in euros while revenues are in US dollars;
- the production of modular buildings, where the Moroccan dirham is the main currency but sales are in euros or foreign currencies.

Operational currency risk was not hedged to 31 December 2019.

Financial currency risk

The Group's objective is to minimise financial currency risks, i.e. risks related to financial operations in a currency whose fluctuations would affect financial income. Balance sheet positions in foreign currency are tracked monthly and reported to the Executive Committee. At 31 December 2019, these positions mainly include current account positions with subsidiaries, particularly in US dollar, which are therefore hedged satisfactorily by futures.

As part of its overall cash flow management, the Group is led to change surpluses of a currency into euros, in order to minimise financial expenses and recourse to bank debt. As part of this multi-currency cash management, the Group regularly sets up forward buying/selling contracts making it possible to offset variations in the value of inter-company loans. These forward contracts are taken out with first-rate banking counterparts.

Currency risk on Investments

Due to its presence in various countries, the Group is subject to currency risks related to its investments in foreign subsidiaries. This risk arises in the changes in the Group's equity (net investment rule) and in the conversion of the subsidiary's income into euros in the parent company.

The Group does not hedge the currency risk concerning its equity. However, on several occasions in the past it has hedged the risk of converting the foreign currency income of some of its subsidiaries into Euros by purchasing options from first-rate counterparties, using the entities' budgeted income as a reference. At 31 December 2019 the Group did not have any hedging positions for its foreign currency income budget for 2020.

Hedging of Currency Risk

The Group therefore sets up forward exchange transactions on a regular basis in order to hedge its exposure linked to managing its cash in foreign currencies (USD).

The following describes the foreign currency forward exchange transactions portfolio at 31 December 2019:

(in thousands of euros)	Nominal amount	Maximum term
Term Purchase Portfolio USD	2 670	31/01/2020
TOTAL TERM PURCHASE PORTFOLIOS	**2 670**	

Currency risk management

(in thousands of euros)	2019
Change in fair value of hedge	(256)
Change in fair value of hedged item	280
NET IMPACT ON GROUP INCOME FROM HEDGES OF FAIR VALUE	25

Impact of the exchange rate on the operating income and on shareholders' equity

The Group's exposure to fluctuations in exchange rates is mainly concentrated on shifts in the US dollar, the Moroccan Dirham and the Indian Rupee. other foreign currencies are insignificant. The parity used to convert foreign currency accounts of subsidiaries into euros has the following impact on the Group's income and share of shareholders' equity in case of a 10% fall in value.

	Impact on current operating income as at 31/12/2019	Impact on shareholders' equity - Group share at 31/12/2019
10% fall in the US dollar	-3,59%	-3,76%
10% fall in the Moroccan Dirham	0,14%	0,76%
10% fall in the Indian rupee	-1,09%	-0,37%

The Modular Buildings activity in Africa is mainly denominated in euros and Moroccan dirhams. The River Barges and Freight Railcar activities are mainly denominated in euros in Europe, in US dollars in the United States and South America (for barges), and in Indian rupees in India (for railcars). The leasing and sale of Containers is international, and is mostly denominated in US dollars.

For long-term assets and liabilities the Group's policy is to correlate fixed assets denominated in foreign currency with borrowings denominated in the same currency, to avoid exposure to foreign exchange risk.

note 34.6. Equity Risk

Equity risk is the risk of an adverse change in the price of equity securities held by the Group.

The Group's investment strategy provides for only investing surplus liquidity in cash-based mutual funds (UCITS) for short periods. The Group has no dealings on the financial stock markets.

The main equity risk concerns the liquidity agreement that the Group signed with an investment services provider. The amounts currently invested do not represent a significant risk for the Group.

note 34.7. Raw material prices risk

This risk is further explained under risk factors, in paragraph 4.3.24 of the universal registration document.

note 34.8. Tax risk

See note 33.1 on contingent liability in the appendix to the consolidated financial statements.

note 34.9. Employment risk

See note 33.2 on contingent liability in the appendix to the consolidated financial statements.

NOTE 35. Related parties as defined in IAS 24

The definition used for related parties is that given in IAS 24.9. Related parties are the key management personnel of TOUAX SCA, i.e. those who have authority and responsibility for planning, managing, and controlling the Group's activities. The officers who fit this description are Fabrice and Raphaël WALEWSKI, the Managing Partners of TOUAX SCA, as well as Société Holding de Gestion et de Participation (SHGP) and Société Holding de Gestion et de Location (SHGL), General Partners. Members of the Supervisory Board, in view of their control function, are also regarded as related parties.

€257 thousand in statutory remuneration for the year 2018 was paid to the General Partners in 2019.

A related party has a significant influence if it is able to take part in financial and operational policy decisions, without however exerting control over these policies. This influence is deemed to be significant if a physical person, legal entity or group of persons holds over 20% of the voting rights: Alexandre, Fabrice and Raphaël WALEWSKI acting together hold directly and indirectly over 20 % of the shares.

The Group has not concluded any significant transactions with related parties.

The remuneration of corporate officers is detailed in chapter 15 of the reference document. The total remuneration of corporate officers in 2019 was €1,179 thousand and $193 thousand.

A transaction was indirectly concluded between TOUAX SCA and its Managing Partners, through a real estate investment trust, relating to the leasing of its premises in the Tour Franklin for a total of €0.8 million per year.

The remuneration of members of the Supervisory Board is detailed in chapter 15 of the reference document. It amounted to €63 thousand.

Relations between the parent company and its subsidiaries are explained in section 7.2 of this reference document and in note 26.5 of the appendix to the individual financial statements.

NOTE 36. IFRS 16

Summary

- The accounting and transition principle and approach are presented in note 1.1.
- Leases are presented in note 1.20.3 (lessor perspective).
- Revenue from activities is presented in note 1.20.1 to note 1.20.6 and note 4.
- Net distributions to investors are presented in note 1.20.8 and note 9 (lessee perspective).
- The restated lease amount is presented in note 5.
- Depreciation for right-of-use assets is presented in note 10.
- Interest paid on leases is presented in note 12.
- The reclassification of leased assets as right-of-use is presented in note 18.2.
- Right of use is presented in note 19.
- Lease liabilities are presented in note 26.
- Leases exempt from the standard (whose term is less than 1 year or whose asset value is less than $5,000) are presented in note 37.1.

Lease payments

The total amount of lease payments made in 2019 was €58 million:

note no.	*(in thousands of euros)*	2019
9	Net distributions to investors	53 392
26	Lease payments related to real estate leases	782
26	Lease payments related to equipment leases for barges and other equipment	3 819
26	Lease payments related to equipment leases for vehicles and copiers	123
37.1	Lease payments related to short-term leases or for low-value goods	180
	TOTAL	**58 296**

The amount disbursed does not differ significantly from the lease expenses.

NOTE 37. OFF-BALANCE SHEET COMMITMENTS

The presentation made does not omit any significant off-balance sheet commitments according to current accounting standards.

note 37.1. NON-CAPITALIZED OPERATING LEASES

Under IFRS 16, most operating leases are now capitalised. The Group has retained the exemption proposed by the standard not to activate short-term or low-value contracts.

The table below therefore presents the leases whose term is less than 1 year or whose underlying asset has a value of less than $5,000 when new:

(in thousands of euros)	Freight Railcar	River Barges	Containers	Other	2019
Rentals on property contracts	65			45	110
Leases relating to non-operating property leases	28		25	17	70
Rental expenses in 2019	**93**	**0**	**25**	**62**	**180**
Rentals on property contracts	65			46	111
Leases relating to non-operating property leases	21		9	7	37
Rental commitments in 2020	**86**	**0**	**9**	**53**	**148**

note 37.2. OTHER COMMITMENTS MADE

Bank guarantees issued by the Group at 31 December 2019

(in thousands of euros)	Amount	Maximum maturity
Bank guarantees	**1 551**	
River barges	6	indefinite period
Modular Buildings Africa	1 544	indefinite period

Materials from external suppliers of firm orders

At 31 December 2019, orders and firm investments in operational assets from third parties amounted to €82.7 million, including €2.4 million in barges and €80.3 million in railcars.

note 37.3. OTHER UNDERTAKINGS RECEIVED

Fixed-term operating leases

The minimum receivable future payments under operating leases totalled €230.9 million.

(in thousands of euros)	Freight Railcar	River Barges	Containers	Other	**2019**
0 - 6 months	21 894	2 947	20 870		45 711
6 months - 1 year	20 377	2 957	15 931		39 265
Between 1 and 5 years	64 073	14 750	44 970		123 793
More than 5 years	15 829	424	5 869		22 122
TOTAL OPERATIONAL RENTS	**122 173**	**21 078**	**87 640**		**230 891**

(in thousands of euros)	Freight Railcar	River Barges	Containers	Other	2018
0 - 6 months	16 253	2 816	21 594	9	40 672
6 months - 1 year	13 391	2 523	16 570		32 484
Between 1 and 5 years	36 283	10 152	47 409		93 844
More than 5 years	9 265	1 916	4 023		15 204
TOTAL OPERATIONAL RENTS	**75 192**	**17 407**	**89 596**	**9**	**182 204**

note 37.4. SECURED DEBT PROVIDED

To guarantee the loans granted to finance the Group's proprietary assets (apart from leasing agreements), the Group's subsidiaries have granted the following security interests:

			31 December 2019		
(in thousands of euros)	Commencement	Maturity	Pledged asset (original collateral value)	Balance Sheet item gross value	%
Mortgages (river barges)					
	2012	2020	4 978		
	2012	2020	9 747		
	2013	2020	9 747		
TOTAL			**24 472**	**58 117**	**42,1%**
Tangible assets pledged					
Freight Railcars			**188 879**	**314 629**	
	2015	2020	91 023		
	2018	2021	216		
	2018	2023	97 640		
Containers			**60 379**	**73 456**	
	2018	2020	60 379		
GROUP TOTAL			**249 258**	**388 085**	**64,2%**

The security interests granted (mortgages, pledges and others guarantees) can be redeemed by repayment of the borrowings.

note 37.5. SECURITY AND GUARANTEES

The security and guarantees are issued by the parent company in return for bank loans granted to its subsidiaries.

Subsidiaries concerned *(in thousands of euros)*	Year of implementation of guarantees	Original amount of guarantees granted	Guarantees maturing in less than one year	Guarantees maturing between 1 and 5 years	Guarantees maturing in over 5 years	**Outstanding capital balance at 31/12/2019**
	2019	2 900			2 856	2 856
	Before 2019	12 770		2 541	5 750	8 291
TOUAX River Barges SAS		**15 670**		**2 541**	**8 606**	**11 147**
	2019					
	Before 2019	3 044	38			38
TOUAX LEASING Corp		**3 044**	**38**			**38**
	2019					
	Before 2019	19 868	10 029			10 029
TOUAX Hydrovia Corp.		**19 868**	**10 029**			**10 029**
	2019					
	Before 2019	9 290	637			637
TOUAX Maroc		**9 290**	**637**			**637**
GENERAL TOTAL OF GUARANTEES GRANTED		**47 872**	**10 703**	**2 541**	**8 606**	**21 851**

The original value of guarantees on the above bank loans was €48 million. The bank loans to which these security and guarantees relate are included in the debt with recourse.

NOTE 38. FEES OF THE STATUTORY AUDITORS

2019 *(in thousands of euros)*	Deloitte Statutory Auditor (Deloitte & Associés)	Network	RSM Statutory Auditor (RSM Paris)	Network
Certification and semi-annual limited review of individual and consolidated accounts				
• Issuer	47		75	
• Fully consolidated subsidiaries	125	243	46	29
Subtotal	172	243	121	29
Services other than certification of accounts				
• Issuer			26	
• Fully consolidated subsidiaries		26		
Subtotal		26	26	
TOTAL	**172**	**269**	**147**	**29**

18.1.2. Statutory financial statements

The financial statements of TOUAX SCA are presented in accordance with the accounting principles generally applied in France.

Income Statement

note n°	*(in thousands of euros)*	**2019**	2018
3	Revenue	1 349	2 074
4	Reversal of provisions and transfer of expenses	0	13
5	Other income	482	396
	Total Operating Income	1 830	2 483
6	Other operating expenses	(2 098)	(2 487)
7	Taxes	(44)	(89)
8	Staff Costs	(64)	(62)
9	Depreciation allocations	(473)	(556)
10	Allocations for operating provisions	0	(7)
	TOTAL operating expenses	(2 679)	(3 202)
	NET INCOME OPERATING	(848)	(719)
	Income attributed to joint operations		
11	FINANCIAL PROFIT/LOSS	(6 682)	3 443
	Current income before tax	(7 530)	2 724
12	EXTRAORDINARY PROFIT OR LOSS	(241)	(331)
13	Taxes on profits	956	559
	NET INCOME FOR THE YEAR	**(6 815)**	**2 952**

Notes accompanying the appendix form an integral part of the company's financial statements

Balance sheet

note n°	*(in thousands of euros)*	**2019**	2018
	ASSETS		
14	Gross intangible assets		
	Intangible asset depreciation		
	Net intangible assets		
15	Gross tangible assets	122	296
	Depreciation on tangible assets	(88)	(256)
	Net tangible assets	34	40
16	Financial fixed assets	183 304	183 595
	Provisions on fixed financial assets	(15 299)	(15 299)
	Net financial fixed assets	168 004	168 296
	TOTAL current fixed assets	168 039	168 336
17	Trade receivables	2 586	1 905
18	Other operating receivables	65 401	40 783
	Investment securities	482	8 033
19	Deferred expenses	213	199
	TOTAL current assets	68 682	50 919
19	Prepayments and accruals	2 482	1 188
	TOTAL ASSETS	**239 202**	**220 442**
	LIABILITIES		
	Share capital	56 092	56 092
	Reserves	10 077	10 334
	Balance brought forward	(23 754)	(26 706)
	Profit or loss for the financial year	(6 815)	2 952
20	Shareholders' equity	35 601	42 673
	Share issues	51 583	52 483
21	Other shareholders' equity	51 583	52 483
	Provisions for risk	116	331
	Provisions for charges	0	0
22	TOTAL provisions for risk and charges	116	331
23	Financial indebtedness	139 672	112 486
24	Operating liabilities	12 040	11 295
25	Prepayments and accruals	191	1 175
	TOTAL LIABILITIES	**239 202**	**220 442**

Notes accompanying the appendix form an integral part of the company's financial statements

Self-financing capacity *(in thousands of euros)*	**2019**	2018
GROSS OPERATING SURPLUS	(762)	(338)
Other operating income	25	186
Other operating expenses	(95)	(227)
Financial income	5 556	5 334
Financial expenses	(12 122)	(10 168)
Taxes on profits	956	559
SELF-FINANCING CAPACITY	**(6 442)**	**(4 655)**

Financing statement (employment & resources) *(in thousands of euros)*	**2019**	2018
EMPLOYMENT		
Dividends paid during the financial year	(257)	(269)
Repayment of advances		
Net change in intangible and tangible assets		
Net change in financial fixed assets	(572)	(4 077)
Equity variation		
Expenses to be distributed	(2 303)	(322)
Repayment of financial debts	(22 459)	(9 475)
TOTAL EMPLOYMENT	(25 590)	(14 143)
RESOURCES		
Self-financing capacity for the financial year	(6 442)	(4 655)
Net change in intangible and tangible assets	456	210
Net change in financial fixed assets	291	0
Expenses to be distributed		
Equity increase		
Increase in financial debts	50 000	22 715
TOTAL RESOURCES	44 306	18 270
CHANGE IN TOTAL NET WORKING CAPITAL (net use)	**18 715**	4 127

Change in total net working capital *(in thousands of euros)*	**2019**	2018
Operating variation		
Change in operating assets		
- Inventories and Work in Progress		
- Accounts receivable, related accounts and other operating receivables	24 721	11 648
Change in operating liabilities		
- Supplier other operating liabilities	(166)	(6 965)
Net operating variation	24 554	4 683
Non-operating variation		
- Change in other debtors	(527)	5
- Change in other creditors	984	(333)
Net non-operating variation	457	(328)
WORKING CAPITAL REQUIREMENTS FOR FINANCIAL YEAR		
NET WORKING CAPITAL DURING THE FINANCIAL YEAR	25 011	4 355
Net cash variation		
- Change in cash available	(7 551)	(228)
- Change in bank current overdrafts and positive bank balances	1 254	0
Net cash variation	(6 296)	(228)
CHANGE IN TOTAL NET WORKING CAPITAL (net use)	**18 715**	4 127

APPENDIX TO THE FINANCIAL STATEMENTS

Unless otherwise provided, all the figures are given in thousands of euros.

NOTE 1. SIGNIFICANT EVENTS AND POST-CLOSURE EVENTS

On 21 June 2019 Touax SCA set up with an institutional investor a 40 million euro' senior secured end-of-term settlement' loan with a 5-year maturity. This financing enabled the extension of the average Group's debt maturity and is in line with the Group's growth and profitability strategy:

- on the one hand, the refinancing of the ORNANE with a nominal value of 23 million euros due July 10, 2020. The Group repaid 93% of the nominal value on 1 August 2019 corresponding to the exercise of the bearers' redemption option and will repay the balance of the bonds remaining in circulation in September 2019.
- and support for the implementation of a progressive investment plan.

TOUAX paid a coupon to the holders of Undated Super Subordinated Notes (TSSDI) for a value of 4 million euros in August 2019.

On 1 August 2019, Touax SCA completed a senior unsecured euro PP bond issue at a nominal amount of 10 million euros with a maturity date of 1 February 2025.
The proceeds of this issue will be used to finance the Group's investments and increase the average debt maturity.

The success of these operations demonstrates the investors' confidence in the Group's strategic focus on the rental of freight railcars, river barges and containers.

NOTE 2. ACCOUNTING PRINCIPLES

The annual accounts are drawn up in accordance with general accounting standards, in accordance with the amended regulation ANC 2014-03 of 5 June 2014, with regulations at end year date and the Commercial Code. They comply with the recommendations of the Accounting Standards Authority, the Association of Chartered Accountants (Ordre des Experts Comptables) and the National Company of Auditors.

The accounts were approved by the TOUAX SCA Management Board on 24 March 2020. In accordance with French law, the financial statements will be considered final once they have been approved by the Group shareholders at the Ordinary General Shareholders' Meeting to be held on 24 June 2020.

The methods used to prepare the accounts for 2019 remain unchanged from those of the previous year.

These financial statements are presented in euros, the operational currency of Touax SCA. All figures are expressed in euros rounded to the nearest thousand.

note 2.1. INTANGIBLE ASSETS

Intangible assets are recognised at their acquisition cost and include software programs acquired. These assets are depreciated using the straight-line method over their remaining useful lifetime.

note 2.2. TANGIBLE FIXED ASSETS

The CRC regulation no. 2002-10 of 12 December 2002, which became mandatory for fiscal years commencing after 1 January 2005, stipulates that the main components of a fixed asset, for which the lifetime is less than that of the main fixed asset, must be identified and depreciated over their own remaining useful lifetime.

Tangible assets are recorded at their acquisition cost. Depreciation is calculated using the straight-line method without deducting a residual value. The depreciation periods retained depend on the assets' estimated useful lifetimes. The depreciation periods of significant fixed assets are reviewed at the end of each financial year. The initial useful lifetime is extended or reduced if deemed necessary by the conditions of use of the item in question.

The useful lifetimes are as follows:

- Administrative and commercial buildings 20 years
- Fixtures and fittings 10 years
- Office and computer equipment 4 years
- Office furniture 5 years

note 2.3. FINANCIAL FIXED ASSETS

The gross value is comprised of the purchase cost excluding incidental costs.

An impairment is constituted for the difference between the balance sheet value of equity investments (established according to shareholders' equity and the prospects of business development) and the gross value (if less). This impairment is reversed when the inventory value rises.

Receivables related to investments are subject to impairment tests at closing, and an impairment is recorded if the balance sheet value is lower than the book value, particularly when recovery of the debt is no longer certain.

Equity stock is recorded as financial assets at historical cost. At the end of the financial year, this line represents 9,205 shares for a value of 50,705 euros.

An impairment is constituted when the closing price is less than the purchase value.

note 2.4. RECEIVABLES

Receivables are valued at their nominal value. An impairment is recorded when the balance sheet value is less than the net book value.

With regard to current accounts of subsidiaries, an impairment loss is noted when recovery of these receivables is no longer certain.

note 2.5. INVESTMENT SECURITIES

Investment securities are evaluated at their acquisition cost.

On sale of similar stock (conferring the same rights), the value of the stock sold is determined using the first in, first out method.

If the price on the last day of the financial year is less than the purchase price of the stock, an impairment is recorded to cover the latent capital loss.

note 2.6. SHAREHOLDERS' EQUITY

Capital increase expenses are deducted from the issue premium.

note 2.7. PROVISIONS

Risks with a provision under this section include mainly the employment, tax and exchange rate risks.

Contingency and loss provisions are calculated in accordance with Accounting Practices Committee regulation 00-06.

note 2.8. FOREIGN CURRENCY OPERATIONS

Payables and receivables denominated in foreign currencies are converted at the rates applicable at 31 December of the financial year.

- Covered receivables and liabilities generate no impact on income given the symmetrical revaluation of foreign currency hedging.
- Differences resulting from the conversion of debts and receivables in unhedged foreign currency are accounted for as exchange rate differences.

In accordance with the precautionary principle, unrealized losses are subject to a provision for risks. Unrealized gains have no impact on net income.

note 2.9. PENSION AND OTHER RETIREMENT LIABILITIES

Provisions for pension compensation is calculated according to the evaluation rules of the revised IAS 19 standard. Variation of provisions are entered in the income statement. For TOUAX, this compensation only refers to the retirement packages of employees.

note 2.10. FISCAL CONSOLIDATION

The company has chosen to use the group tax system set out in article 223 A of the French general tax code. In accordance with the integration agreement:

- The company is accountable to the Tax Office for corporation tax calculated on the total consolidated fiscal income;
- The group employs the 'neutrality' method for the calculation of applicable taxation. This method involves posting the tax owed by the consolidated subsidiaries as if they were taxed separately.

TOUAX SCA records additional corporate tax expense of the group or the corporation tax savings according to the applicable method.

note 2.11. EXPENSES TO BE DISTRIBUTED

The expenses to be distributed concern the loan issue expenses. They are subject to a linear depreciation over the term of the loan, in equal proportion.

NOTES REGARDING THE INCOME STATEMENT

NOTE 3. REVENUES BY ACTIVITY

(in thousands of euros)	**2019**	2018
Property	64	77
Non-group services	0	665
Intra-group services	1 285	1 332
TOTAL	**1 349**	**2 074**

- **Property**

The property business refers to the leasing of buildings for private or office use.

- **Non-group services**

In 2018, Non-Group services represent the amount of services rendered to Touax Solutions Modulaires (TSM) under the Transition Services Agreement signed on 8 December 2017 following the sale of TSM. These services were not maintained in 2019 and therefore no such services were billed during the year.

- **Intra-group services**

Intra-group services represent the sub-leasing of offices and consulting services provided by TOUAX to the French companies within the Group.

NOTE 4. REVERSAL OF PROVISIONS AND TRANSFER OF EXPENSES

(in thousands of euros)	**2019**	2018
Provision for retirement indemnity	0	13
Other provisions	0	0
TOTAL reversals of provisions	0	13
Transfers of charges	0	0
TOTAL transfers of charges	**0**	**0**
TOTAL	**0**	**13**

NOTE 5. OTHER INCOME

(in thousands of euros)	**2019**	2018
Other income	482	396
TOTAL	**482**	**396**

Over the year, this line shows a total property sale value of 456 thousand euros.

The balance of this item is made up of 23 thousand euros of accruals and 2 thousand euros of non-taxable property income.

NOTE 6. OTHER OPERATING EXPENSES

(in thousands of euros)	**2019**	2018
Purchases of goods and consumables	1	2
TOTAL	1	2
Leasing and property leasing fees	878	995
Maintenance and repairs	10	9
Insurance premiums	105	59
TOTAL	993	1 063
Payment of intermediaries and fees	880	1 080
Advertising and Publications	21	33
Bank charges	94	71
Other	15	11
TOTAL	1 009	1 195
Bad debts	0	1
Attendance fees	90	61
Other management expenses	5	166
TOTAL	95	227
TOTAL OTHER OPERATING EXPENSES	**2 098**	**2 487**

- **Leasing and property leasing fees**

This item mainly concerns the leasing of offices. Most of the leasing expenses were invoiced to subsidiaries occupying the offices (see note 3).

- **Insurance premiums**

This item includes insurance premiums for insurance policies covering the property leased by the company and to cover the third party liability of managers working under contract.

- **Payment of intermediaries and fees**

The payment of intermediaries and fees concerns the fees paid to third parties for their legal, assistance and consulting assignments.

NOTE 7. TAXES

(in thousands of euros)	**2019**	2018
On remuneration	4	4
Territorial economic contributions and property taxes	3	(8)
Other taxes	36	94
TOTAL	**44**	**89**

The decrease in 'other taxes' is explained by the payment, in 2018, of voluntary regularization payments for VAT.

NOTE 8. STAFF COSTS

(in thousands of euros)	**2019**	2018
Salaries and wages	45	44
Social contributions	19	18
TOTAL	**64**	**62**

The average workforce over the year is 2 people.

NOTE 9. DEPRECIATION ALLOCATIONS

(in thousands of euros)	**2019**	2018
Property	6	13
Expenses to be distributed	467	542
Total	**473**	**556**

The provision for depreciation of operating expenses to be distributed refers to loan issue expenses distributed over the loan period.

NOTE 10. ALLOCATIONS FOR OPERATING PROVISIONS

(in thousands of euros)	**2019**	2018
Other provisions for risks and charges	0	7
TOTAL	**0**	**7**

The allocation to provisions for risk and charges corresponds entirely to a provision for non-recovery in the property business. No movements were recorded during the year and the provision was maintained at close date.

NOTE 11. FINANCIAL PROFIT OR LOSS

(in thousands of euros)	**2019**	2018
Dividends and other equity income	**235**	**0**
FINANCIAL EXPENSES AND INCOME		
Financial income	5 291	5 180
Income from transfer of V.M.P	(7)	(57)
Financial expenses	(11 308)	(9 487)
Net financial costs	**(6 025)**	**(4 364)**
PROVISIONS		
Reversals	0	12 053
Allocations	(116)	(3 775)
Net change	**(116)**	**8 277**
CURRENCY GAINS/LOSSES		
Positive	9	137
Negative	(784)	(608)
Net exchange rate difference	**(776)**	**(471)**
FINANCIAL PROFIT/LOSS	**(6 682)**	**3 443**

note 11.1. DIVIDENDS AND PROFIT SHARE

Dividend income received during the financial year corresponds to a dividend paid by the Touax UK subsidiary.

note 11.2. FINANCIAL EXPENSES AND REVENUES

All financial revenue consists of interest received on direct or indirect cash advances granted by the Company to its subsidiaries either under long-term loan agreements or under the intra-group treasury agreement.

The financial expenses for the financial year mainly include the following:

- 3,504 thousand euros financial interest on loans entered into with credit institutions;
- 4,330 thousand euros coupons paid and to be paid on Undated Super Subordinated Notes;
- 3,453 thousand euros of interest paid on advances, which were directly or indirectly made available to the company by the Group's companies;

note 11.3. PROVISIONS AND DEPRECIATIONS

Provisions for the financial year are exclusively provisions for unrealised exchange losses, mainly on debts in US dollars with affiliated companies.

note 11.4. CURRENCY GAIN/LOSS

The negative net foreign exchange of 784 thousand euros includes an exceptional foreign exchange loss of 420 thousand euros which was not offset by currency risk hedging with Monex Europe Markets Ltd, a broker licensed and regulated by the FCA in the United Kingdom. Litigation with Monex Europe Market Ltd concerning this coverage is in progress.

The foreign exchange balance corresponds to the impact of the variation of the US dollar with the euro during the financial year.

NOTE 12. EXTRAORDINARY PROFIT OR LOSS

The extraordinary profit/loss for the year includes 331 thousand euros provisions for risks related to the sale, in 2017, of the company in Touax Solutions Modulaires SAS. This provision for risk was made at the previous end of year.

This provision became irrelevant during the financial year since the litigation was closed and the company paid the buyer 572 thousand euros for the adjustment of the sale price. This adjustment was recorded as extraordinary income for the year.

NOTE 13. CORPORATE INCOME TAX

As stated in note 2.10, the Group has adopted the so-called 'neutrality' method to account for corporation tax.

The company's accounting result before tax is a loss of 7.8 million euros. In view of fiscal reintegrations (3.7 million euros) and the fiscal deductions (0.9 million euros), the taxable income for the financial year, before allocation of deficits, shows a taxable profit of 5.0 million euros.

In accordance with the consolidation agreement, TOUAX SCA recorded a tax saving of 956 thousand euros for the fiscal Group in the income statement for the 2019 financial year.

NOTES ON THE BALANCE SHEET

ASSETS

NOTE 14. INTANGIBLE ASSETS

None

NOTE 15. TANGIBLE FIXED ASSETS

note 15.1. DISTRIBUTION OF TANGIBLE ASSETS

	2019			2018
(in thousands of euros)	Gross value	Depreciation	Value net	Net value
Land and buildings	103	76	27	30
Other tangible assets	19	12	7	10
TOTAL	**122**	**88**	**34**	**40**

Movements related to property, plant and equipment are indicated in note 15.2 and note 15.3.

note 15.2. PURCHASES IN 2019

No acquisition of tangible assets during the year.

note 15.3. TRANSFERS AND REDUCTIONS IN 2019

The company transferred property assets with a gross value of 174 thousand euros. These assets were fully depreciated in the company accounts at the time of the sale.

NOTE 16. FINANCIAL FIXED ASSETS

	2019			2018
(in thousands of euros)	Gross value	Depreciation	Net value	Net value
Holdings	78 590	4 789	73 801	73 801
Loans and receivables on holdings	101 309	10 502	90 807	88 468
Other loans and financial fixed assets	3 404	8	3 396	6 026
TOTAL	**183 304**	**15 299**	**168 004**	**168 296**

note 16.1. EQUITY SECURITIES

	2019			2018
(in thousands of euros)	Gross value	Depreciation	Net value	Net value
Europe				
TOUAX CORPORATE SAS	2 591	(2 591)	0	0
TOUAX CONTAINER SERVICES SAS	19 057		19 057	19 057
TOUAX River Barges SAS	23 419		23 419	23 419
TOUAX RAIL Ltd	31 325		31 325	31 325
TOUAX AFRICA SAS	2 198	(2 198)		
Other	1		1	1
International				
TOUAX UK				
TOTAL	**78 590**	**(4 789)**	**73 801**	**73 801**

Impairment tests carried out at the end of the financial year found no additional impairment of equity securities. Previously recorded provisions were maintained.

note 16.2. SECURITIES ON LOANS AND RECEIVABLES

	2019			2018
(in thousands of euros)	Gross value	Depreciation	Value net	Value net
TOUAX RAIL Ltd	45 290		45 290	45 290
TOUAX River Barges SAS	16 672		16 672	16 672
TOUAX AFRICA SAS	16 607	(10 502)	6 105	4 169
TOUAX LEASING Corp	12 890		12 890	12 647
Touax Corporation:	9 168		9 168	9 008
EUROBULK B.V.	683		683	683
TOTAL	**101 309**	**(10 502)**	**90 807**	**88 468**

This item records the long-term portion of intra-group receivables at year-end. These intra-group loans were subject to a specific intra-group treasury agreement.

These receivables are all over one year old.

The 10.5 million euros provision for the Touax Africa SAS subsidiary is to cover the risk of non-recovery of the loan granted.

note 16.3. OTHER FIXED FINANCIAL ASSETS

Other long-term investments amounted to 3.4 million euros gross and include a 3.3 million euros escrow account relating to the guarantee given to the purchaser of Touax Solutions Modulaires SAS.

NOTE 17. BREAKDOWN OF RECEIVABLES AND RELATED ACCOUNTS BY BUSINESS ACTIVITY

	2019			2018		
(in thousands of euros)	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Other	104	5	99	156	5	151
Intra-group	2 487		2 487	1 754		1 754
TOTAL	**2 591**	**5**	**2 586**	**1 909**	**5**	**1 905**

The miscellaneous item is comprised of receivables from third parties due within one year.

Intra-group receivables correspond to the invoicing of services provided by the company to companies within the Group. These intra-group receivables will mature within one year of the financial year end.

NOTE 18. OTHER OPERATING RECEIVABLES

(in thousands of euros)	2019			2018		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
State and social institutions	339		339	360		360
Intra-group receivables	65 011	0	65 011	40 386	0	40 386
Various debtors	52		52	37		37
TOTAL	**65 401**	**0**	**65 401**	**40 783**	**0**	**40 783**

Other receivables are mainly all due within one year.

Intra-group receivables are short-term receivables under the intra-group treasury agreement and as such are repayable at any time.

note 18.1. STATE AND SOCIAL INSTITUTIONS

This amount mainly corresponds to the receivable of Competitiveness and Employment Tax Credit (CICE) for 175 thousand euros, while the balance of 164 thousand euros corresponds to VAT to be recovered by the company.

note 18.2. INTRA-GROUP RECEIVABLES

Intra-group receivables are comprised of cash advances granted to Group companies under the intra-group treasury agreement, for the short-term part of these receivables. As stated in note 16.2, the long-term part of these receivables was subject to a specific credit agreement and was classed under ‘receivables from holdings’.

NOTE 19. PREPAYMENTS AND ACCRUED INCOME

(in thousands of euros)	2019	2018
Deferred expenses	213	199
Expenses to be distributed	2 366	530
Unrealised exchange rate gains/losses	116	657
TOTAL	**2 695**	**1 386**

Prepaid expenses are mainly composed of office rents and insurance premiums for the share pertaining to the 2020 financial year.

The expenses to be distributed are the loan issue expenses spread over the term of the loan. During the financial year, the movements for this item are as follows:

- a decrease of 467 thousand euros corresponding to expenses depreciated over the year,
- a 2.3 million euros increase related to additional expenses during the financial year.

The significant additional borrowing costs capitalized during the year are explained by the significant refinancing operations carried out (note 1).

NOTE 20. SHAREHOLDERS’ EQUITY

note 20.1. EQUITY VARIATION

(in thousands of euros)	01.01.2019	Appropriation of 2018 income	Capital increase	Other changes	31.12.2019
Share capital	56 092				56 092
Issue and merger premiums	6 925	(257)			6 668
Legal reserve	3 410				3 410
Other reserves	0				0
Balance brought forward	(26 706)	2 952			(23 754)
Profit or loss for the financial year	2 952	(2 952)		(6 815)	(6 815)
Statutory remuneration of senior partners		257			
Dividends paid					
TOTAL	**42 673**	**0**	**0**	**(6 815)**	**35 601**

note 20.2. SHARE EQUITY VARIATION

The value of capital is 56,092 thousand euros at the end of the financial year.

(in Euros)		Number of capital shares	Nominal share value	Total capital
Share capital at 31.12.2010		5 695 651	8	45 565 208
	Capital increase:	*25 098*	*8*	*200 784*
Share capital at 31.12.2011		5 720 749	8	45 765 992
	Capital increase:	*19 518*	*8*	*156 144*
Share capital at 31.12.2012		5 740 267	8	45 922 136
	Capital increase:	*143 506*	*8*	*1 148 048*
Share capital at 31.12.2013		5 883 773	8	47 070 184
Share capital at 31.12.2014		5 883 773	8	47 070 184
	Capital increase:	*9*	*8*	*72*
Share capital at 31.12.2015		5 883 782	8	47 070 256
	Capital increase:	*1 127 765*	*8*	*9 022 120*
Share capital at 31.12.2016		7 011 547	8	56 092 376
Share capital at 31.12.2017		7 011 547	8	56 092 376
Share capital at 31.12.2018		7 011 547	8	56 092 376
Share capital at 31.12.2019		**7 011 547**	**8**	**56 092 376**

NOTE 21. OTHER SHAREHOLDERS' EQUITY

Other equity is valued at 50,800 thousand euros at year end following the issue in 2013 and 2014 of Undated Super Subordinated Notes (TSSDI). They entitle holders to an annual coupon at a fixed rate of 7.95% until 2019. The company decided, as it is entitled, not to reimburse these TSSDI (undated super subordinated notes). The fixed rate increased, as of August 2019, from 7.95% to 9.20%.

Payment of the coupon is only mandatory if dividends are paid. This hybrid issue consolidates the Group's financial structure and enhances support for its international investment projects. This issue also gives the Group access to further sources of financing through the capital markets.

The company recorded a value of 783 thousand euros at the year end for coupons accrued over the year, coupons expected to be paid in 2020 subject to a dividend distribution.

NOTE 22. PROVISIONS FOR RISK (CHARGES)

(in thousands of euros)	Provisions at 01/01/2019	Allocations during the year	Reversals during the year	**Provisions at 31/12/2019**
Disputes	331	0	(331)	0
Exchange rate gains/losses	0	116	0	116
Pension and other retirement liabilities	0	0	0	0
TOTAL	**331**	**116**	**(331)**	**116**

These provisions were recorded in the accounts in accordance with the CRC 00-06 regulation.

During the year, the company fully reversed the provision for litigation of 331 thousand euros recorded at the previous closing date. This provision concerned a dispute over the sale of equity securities in the Touax Solutions Modular SAS subsidiary in 2017. This dispute related to the sale price and was closed during the year (note 12).

NOTE 23. FINANCIAL INDEBTEDNESS

note 23.1. ANALYSIS BY CATEGORY OF DEBT

(in thousands of euros)	**2019**		2018
Bonds	66 633		39 633
Medium-term loans from credit institutions	0		
Short-term loans	3 000		2 000
Bank overdrafts and accrued interest payable	1 374	**(1)**	2 906
TOTAL loans	**71 007**		**44 539**
Intra-group debts	68 605		67 725
Collateral deposits received from customers	7		11
Collateral deposits received intra-group	52		211
TOTAL of other liabilities	**68 665**		**67 946**
TOTAL	**139 672**		**112 486**

(1) including 781 k€ of accrued interest

During the financial year, Touax SCA carried out several financing operations for 50 million euros at a nominal annual rate of 6.25%, payable annually in arrears which allowed part of the existing debt (23 million euros) to be refinanced.

Intra-group debts of 68.6 million euros correspond to long-term credit agreements with Group companies.

note 23.2. BREAKDOWN BY REPAYMENT DUE DATE

(in thousands of euros)	**2019**	2018
2019		27 906
2020	4 374	
2021		
2022		
2023	16 633	16 633
2024	40 000	
More than 5 years	10 000	
TOTAL	**71 007**	**44 539**

Loan payments include regular annual depreciation up to their extension and the depreciation of certain loans at end of term.

note 23.3. BREAKDOWN BY REPAYMENT CURRENCY

The financial debt is denominated in euros.

note 23.4. INDEBTEDNESS VARIATION

(in thousands of euros)	**2019**	2018
Banking debts (loans)	71 007	44 539
Investment securities	0	0
Liquid assets	(482)	(8 033)
NET BANK DEBT	**70 525**	**36 506**

(in thousands of euros)	**2019**	2018
Net Bank Debt	70 525	36 506
Other Banking debts	68 665	67 946
Operating liabilities	407	1 136
Inventories and trade receivables	(2 586)	(1 905)
NET DEBT	**137 011**	**103 684**

note 23.5. INFORMATION ON INTEREST RATES

(in thousands of euros)	**2019**	2018
Fixed rate loans	66 633	39 633
Variable rate loans	3 000	2 000
FINANCIAL DEBTS	**69 633 (1)**	**41 633**
AVERAGE ANNUAL VARIABLE INTEREST RATE	0,96%	0,96%

(1) excluding accrued interest for the year

The variable interest rates on debts are indexed on the money-market rates (EURIBOR mainly).

NOTE 24. OPERATING LIABILITIES

note 24.1. BREAKDOWN OF OPERATING LIABILITIES

(in thousands of euros)	**2019**	2018
Other	91	828
Intra-Group supplier payables	289	291
TOTAL supplier debt and related accounts	**380**	**1 119**
Tax and social debts	27	15
Other intra-group operating liabilities	11 572	10 127
Other liabilities	61	33
TOTAL other operating liabilities	**11 660**	**10 175**
TOTAL	**12 040**	**11 295**

'Other intra-group operating debt' mainly denotes the value of funds made available to the company by Group companies as part of the intra-group treasury agreement. As stated in note 23.1, the long-term part of intra-group debt at year end is classified as 'other financial debt'.

Operating debts are mainly due within one year.

NOTE 25. PREPAYMENTS AND ACCRUED LIABILITIES

(in thousands of euros)	**2019**	2018
Unrealised exchange rate losses	0	988
Deferred income	191	185
TOTAL	**191**	**1 172**

The 'deferred income' item corresponds to the share of the 2020 leasing revenue invoiced at financial year end by the company to the other companies of the Group.

NOTE 26. OTHER INFORMATION

note 26.1. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	**2019**
Securities given in return for bank overdrafts	
used by the subsidiaries and other guarantees of less than a year	10 703
Between 1 and 5 years	2 541
More than 5 years	8 606
TOTAL securities	**21 850**
Property leasing fees still to be paid	
TOTAL fees	
TOTAL	**21 850**

The original value of guarantees with regard to the above bank loans was 48.0 million euros.

In 2019, Touax SCA issued loan securities on the shares of its subsidiaries Touax Rail Limited, Touax River Barges SAS and Touax Container Services SAS.

note 26.2. PROPERTY LEASING COMMITMENTS

TOUAX SCA has no property leasing commitments at the end of the fiscal year.

note 26.3. HEDGING OF CURRENCY RISK

The company did not exercise hedging options against conversion of profits in euro consolidated accounts.

The company also continued to contract purchases and sales of foreign currencies, mainly US dollars, to cover temporary cash advances in US dollars of certain of its foreign subsidiaries.

The Group's objective is to minimise financial currency risk on operations in a currency whose fluctuations would affect financial income.

Balance sheet positions in foreign currency are tracked monthly and reported to the Executive Committee. On 31 December 2019, these positions mainly include current account positions with subsidiaries, particularly on the US dollar, which are therefore hedged satisfactorily by futures.

Over the year therefore, the company has regularly put in place forward purchase/sale agreements that make it possible to offset changes in the value of inter-company loans and borrowings.

At the end of the financial year, the amount of US dollar futures purchases is 3.0 million US dollars. The revaluation at the closing rate of this hedging instrument was recorded in the balance sheet as a conversion difference of 21 thousand euros.

note 26.4. CONTINGENT LIABILITIES

As part of the transfer of the European modular buildings activity in 2017, an assets and liabilities guarantee was agreed with the purchaser, WH BIDCO.

In addition, the guarantee of assets and liabilities, granted for potential corporate and commercial litigation, continues. No provision has been made for this guarantee in the accounts at 31 December 2019 in the absence of evidence of a possible financial impact.

note 26.5. REMUNERATION OF EXECUTIVE OFFICERS

The remuneration of corporate officers, managers and members of the Supervisory Board, paid by the company in 2019 totalled 135 thousand euros.

note 26.6. TABLE OF SUBSIDIARIES AND HOLDINGS

Company or group of companies	Capital	Shareholders' equity other than capital and before appropriation of income	Share of capital held in %	Book value of securities held		Loans and advances granted by the parent company and not yet repaid	Value (1) of guarantees and agreements issued by the company	Revenue	Profit or loss for the previous financial year	Dividends recorded by the parent company during the previous financial year
				Gross	Net					
1 SUBSIDIARIES (+50% owned)										
a. French subsidiaries										
TOUAX RIVER BARGES SAS	12,803 k€	-23,518 k€	100%	23,419 k€	23,419 k€	22,432 k€		12,467 k€	2,107 k€	
TOUAX CONTAINER SERVICES SAS	8,251 k€	30,944 k€	100%	19,057 k€	19,057 k€			4,234 k€	- 17,467 k€	
TOUAX CORPORATE SAS	2,591 k€	-3,119 k€	100%	2,591 k€	0 k€			6,162 k€	272 k€	
TOUAX AFRICA SAS	11,970 k€	-24,585 k€	51%	2,198 k€	0 k€	16,607 k€		1,309 k€	-898 k€	
TOTAL FOR THE FRENCH SUBSIDIARIES				**47,265 k€**	**42,476 k€**	**30,039 k€**				
b. Foreign subsidiaries										
TOUAX RAIL Ltd	0.1 k€	31,385 k€	100%	31,325 k€	31,325 k€	64,591 k€		63,941 k€	1,498 k€	
TOUAX UK	£1	- £59k	100%	0k€	0k€	40 k€		£950k	£59k	
TOTAL FOR FOREIGN SUBSIDIARIES				**31,325 k€**	**31,325 k€**	**64,631 k€**				
SUBSIDIARIES TOTAL				**78,590 k€**	**73,801 k€**	**94,670 k€**				

note 26.7. CONSOLIDATED FINANCIAL STATEMENTS

Touax SCA is subject to the obligation to publish consolidated accounts. These are available on the company's website.

18.2. INTERIM FINANCIAL INFORMATION AND OTHER INFORMATION

Not applicable

18.3. VERIFICATION OF HISTORICAL FINANCIAL INFORMATION BY THE STATUTORY AUDITORS

18.3.1.Statutory Auditors' report on the consolidated financial statements

For the year ended December 31th, 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Touax SCA, a partnership limited by shares, issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To Annual general meeting of TOUAX SCA,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of TOUAX SCA for the year ended December 31, 2019. These financial statements were approved by the Management Board on March 24, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from the 1st of January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Observation

Without qualifying the above opinion, we draw your attention to paragraph 'The new standards, amendments and interpretations adopted by the European Union and applicable as of January 1, 2019' of the Note '1.1 Basis of preparation and presentation of the annual accounts as of December 31, 2019' to the consolidated financial statements which describes a change in accounting method relating to the application, from the 1st of January 2019, of IFRS 16 'Leases'.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Processing syndication and management operations for third parties of syndicated equipment

- **Description of the key audit matter**

As part of its rental management activity on behalf of third parties, Touax in particular purchases rental equipment to sell it to investors, by making a margin qualified as a "syndication fees". The equipment thus transferred is rented concomitantly with the syndication. Touax provides "management on behalf of third parties" and transfers the amounts collected to investors after deduction of the Group's management costs and the charges borne by this equipment ("redistributions"). Touax does not guarantee any return on syndicated equipment to investors. The group believes that it acts as principal (lessor) in the rental transactions subscribed by Touax customers of equipment held by investors and therefore that the contract which binds it to investors for this equipment is a 'rental contract' where Touax acts as lessee. These syndication transactions are thus analyzed as Sale and Leaseback transactions falling within the scope of IFRS 16 'Leases'.

As indicated in Notes 1.1 'Basis of preparation and presentation of the annual accounts as of December 31, 2019' and 1.20.8 'Net distributions to investors', Touax considers that the redistributions paid to investors are fully variable rental payments because they depend on the rental of equipment, payment of rentals by customers and charges borne by rental equipment. Thus, according to the rent elements to be used in the valuation of the rental liability, as defined by paragraphs 27 and 28 of IFRS 16, the Group does not take into account these future variable payments to assess the rental liability and, consequently, does not recognize rental liabilities and the right to use equipment that has been syndicated. In this context and while awaiting the final views of the IFRS Interpretations Committee (IFRS IC) relating to "Sale and Leaseback with Variable Payments", Touax therefore considers that the gains on syndication transactions must be fully recognized on the date of the transaction and that redistributions to investors must be recognized as an expense in the income statement when the corresponding obligations arise.

Syndication fees recorded for the year ended December 31, 2019 amounted to 1.5 million euros (compared to 1 million euros for the year ended December 31, 2018). In addition, the rental revenue made with the customers for equipments held by the investors having been the subject of a past syndication (rental revenues for Touax as lessor) amounts to 62.8 million euros in 2019 (compared to 72.2 million euros in 2018) and net distributions to investors (rental charges for Touax as lessee) at 53.4 million euros in 2019 (compared to 57.4 million euros in 2018). As of December 31, 2019, for the reasons explained above, the Group has not recognized, as a lessee, any right of use or any rental liability on equipment syndicated and managed on behalf of third parties.

Given the importance for the consolidated accounts of syndication operations and management on behalf of third parties of syndicated equipment in the context of application, as of January 1, 2019, of the new IFRS 16 standard, the management's judgments regarding the impact of these transactions on the accounts and the ongoing specific work at IFRS IC which will clarify the accounting treatments of these transactions when they are finalized, we considered their accounting as a key audit matter.

- **Audit response**

We have examined the conformity of the methodology applied by the company to the accounting standards in effect. Our work notably consisted in:

- reviewing the accounting rules and methods defined by the Group concerning syndication and management operations on behalf of third parties

- assessing the acceptability of these accounting rules and methods with regard to IFRS 16 and in particular concerning the assessment of rental obligations and the recognition of the right of use while awaiting the finalization of the work of IFRS IC

- We have also verified that :

o the syndication operations for the financial year have been evaluated and presented in the financial statements in accordance with the accounting rules and methods defined by the Group.

o rental management operations on behalf of third parties have been evaluated and presented in the financial statements in accordance with the accounting rules and methods defined by the Group.

o the appropriateness of the information presented in Notes 1.1 "Basis of preparation and presentation of the annual accounts as of December 31, 2019", 1.20.1 "Revenues and expenses from activities" and 1.20.6 "Syndication fees (sales of equipment to investors)" to the consolidated financial statements on the accounting treatment of syndication transactions, as well as the impact of the opinions of IFRS IC on the consolidated accounts which would clarify the recognition of "sales and leaseback contracts", when the rental contract as a lessee includes variable payments, as is the case for syndication operations.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Management Board approved on March 24, 2020.

With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to the annual general meeting called to approve the financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of TOUAX SCA by the annual general meeting held on June 6, 2000 for Deloitte & Associés and on June 9, 2016 for RSM Paris.

As at December 31, 2019, Deloitte & Associés and RSM Paris were in the 20th year and 4th year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines 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, management is responsible for assessing the Company'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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.

- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains 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. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors.

Paris et Paris-La Défense, April 29th, 2020

The Statutory Auditors

French original signed by

RSM Paris **Deloitte & Associés**

Stéphane MARIE Jean-François VIAT

18.3.2.Statutory auditor's report on the financial statements

For the year ended December 31, 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To Annual general meeting of TOUAX SCA,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of TOUAX SCA for the year ended December 31, 2019.

These financial statements were approved by the Management Board on March 24, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company, as of December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investments, investments in associates and current accounts

Key Audit Matter

As of December 31, 2019, equity investments, investments in associates and current accounts recorded on the balance sheet represented net book values of €73.8 million, €90.8 million and €65 million, respectively, or 95.6% of total assets. Notes 2.3 and 2.4 to the financial statements describe the methods used to measure equity investments, investments in associates and current accounts at the balance sheet date:

• Equity investment: The fair value of equity investments at the balance sheet date corresponds to the value in use representing the amount the entity would agree to pay if it had to purchase the investment. It is calculated according to shareholders' equity and growth outlooks. When the fair value of equity investments is lower than the gross value, an impairment loss is recorded for the amount of the difference. This impairment loss is reversed when the fair value rises.

• Investments in associates and current accounts: an impairment loss is recorded when it is no longer certain that the investments can be recovered.

The Company does not recognize any additional impairment losses or reversals of impairment losses during the year ended December 31, 2019, as indicated in Note 11.3 to the financial statements. We considered the valuation of equity investments, investments in associates and current accounts to be a key audit matter due to their material importance in the financial statements, and the fact that Company management must use significant assumptions, estimates and judgments in determining the fair value of these assets.

Audit response:

We familiarized ourselves with the process used by the Company to estimate the fair value of equity investments and assess the recovery risk for investments in associates and current accounts.

Our procedures consisted in:

• Verifying the relevance of the methodology adopted by the Company by:

o Comparing the share of equity of the subsidiaries with the total net book value of the equity investments to identify areas of valuation risk;

o Verifying that the equity used agrees with the entity accounts audited;

o Corroborating, through discussions with management, the reasonableness of the data and assumptions on which the estimate of development prospects is based;

• Ensuring that equity investments in subsidiaries with a negative net worth were fully impaired and, if necessary, the recognition of a provision for risks in cases where the company is committed to support the losses of a subsidiary with a negative net worth;

• Assessing the recoverability of investments in associates and current accounts with respect to the equity investment analyses.

• Verify the accuracy of the information mentioned in note 26.6 "Subsidiaries and shareholdings" in the notes to the annual financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board approved on March 24, 2020 and in the other documents with respect to the financial position and the financial statements provided to shareholders. With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to annual general meeting called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 the French Commercial Code (code de commerce).

concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of TOUAX SCA by the Annual General Meeting held on June 6, 2020 for Deloitte & Associés and on June 9, 2016 for RSM Paris.

As at December 31, 2020, Deloitte & Associés and RSM Paris were in the 20th year and 4th year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.

- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris et Paris-La Défense, April 29, 2020,

The Statutory Auditors

French original signed by

RSM Paris **Deloitte & Associés**

Stéphane MARIE Jean-François VIAT

18.3.3.Statutory Auditors' special report on regulated agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2019

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Touax SCA Annual General Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 226-2 of the French Commercial Code (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 226-2 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Annual General Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorized and entered into during the year

Pursuant to Article L. 226-10 of the French Commercial Code, we have been advised of the following agreements entered into during the year ended, which were previously authorized by your Supervisory Board.

With the real estate investment company SCI FRANKLIN LOCATION

Persons involved: Messrs. Fabrice and Raphaël WALEWSKI (Managers of TOUAX SCA and Managers and shareholders of the real estate investment company SCI FRANKLIN LOCATION)

Nature and purpose: Sublease agreement relating to commercial premises

Terms and conditions:

By agreement authorised by the Supervisory Board on September 11, 2019 and concluded on October 31, 2019, your company and SCI Franklin Location agreed to sublet commercial premises located Tour Franklin in La Défense. The leased premises consist of an office area on the 23rd floor, an archive area in the 7th basement and the right to use 8 parking spaces.

This agreement is concluded under the following conditions:

- Rent relating to office space: 791,310 euros per year excluding taxes
- Rent relating to the archive surface: 51,831 euros per year excluding taxes
- Rent for parking spaces: 12,000 euros excluding taxes

The sublease is granted for a period of 9 full and consecutive years, including three firm years, starting on March 25, 2020 and expiring on March 24, 2029.

The conclusion of this agreement was motivated by the expiry, on March 24, 2020, of the sublease agreement relating to these premises, concluded by your company and SCI Franklin Location on March 25, 2011, the purpose of which is to set up the company's registered office.

Insofar as this agreement takes effect as of March 2020, this agreement has no impact on the financial statements of your company for the year ended December 31, 2019.

AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements approved in prior years that remained in force during the year

Pursuant to Article R. 226-2 of the French Commercial Code, we have been informed that the following agreement, previously approved by Annual General Meetings of prior years, has remained in force during the year.

With the real estate investment company SCI FRANKLIN LOCATION

Persons involved: Messrs. Fabrice and Raphaël WALEWSKI (Managers of TOUAX SCA and Managers and shareholders of the real estate investment company SCI FRANKLIN LOCATION)

Nature and purpose: Sublease agreement of 25 March 2011 relating to commercial premises

Terms and conditions:

The commercial lease entered into on March 25, 2011 by your Company with SCI FRANKLIN LOCATION concerning the lease for its corporate headquarters as well as an archives room and eight parking spaces was amended on September 1, 2015 and June 21, 2017.

The Supervisory Board was required to review the terms and conditions of this lease, as mentioned above, to take into account the reduction in the surface area occupied by your Company in the premises provided.

This nine-year agreement expires on March 24, 2020.

The expense recorded between January 1 and December 31, 2019 corresponding to the lease and occupancy expenses amounted to €839 833 excluding VAT.

Paris and Paris-La Défense, April 29, 2020,

The Statutory Auditors

French original signed by

RSM Paris **Deloitte & Associés**

Stéphane MARIE Jean-François VIAT

18.4. PRO FORMA FINANCIAL INFORMATION

Not applicable.

18.5. DIVIDEND DISTRIBUTION POLICY

The company has a policy of regular distribution of an annual dividend. The dividend varies according to the results. It has no set distribution rule such as a fixed percentage of net income or of the share price.

Dividends that remain unclaimed 5 years after the payment date will lapse and be paid to the state.

financial year concerned *(in Euros)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2016	1 juillet 2017	441 448			441 448
2016 TOTAL					**441 448**
2017	1 juillet 2018	268 672			268 672
2017 TOTAL					**268 672**
2018	1 juillet 2019	256 970			256 970
2018 TOTAL					**256 970**

18.6. LEGAL AND ARBITRATION PROCEEDINGS

No governmental, legal or arbitration proceedings (including all proceedings that the Group is aware of that are pending or with which it is threatened) have had or could have material effects on the financial situation or profitability of the Group in the last twelve months apart from the proceedings mentioned in the note 34.8 of the notes to the consolidated financial statements page 119.

18.7. SIGNIFICANT CHANGES IN THE FINANCIAL OR TRADING SITUATION

No significant change has taken place in the Group's financial or trading situation since the end of the last financial year for which audited financial statements have been published.

19. ADDITIONAL INFORMATION

19.1. SHARE CAPITAL

HISTORY OF THE SHARE CAPITAL ON 31 DECEMBER 2019

Year	Share capital (€)	Issue premium (€)	Accumulated number of shares	Par value	Transaction type
2015	47 070 256	224	5 883 782	€ 8	Issue of 9 shares following exercise of 36 redeemable stock warrants
2016	47 070 528	805	5 883 816	€ 8	Issue of 34 shares following exercise of 36 redeemable stock warrants
	56 092 376	2 176 521	7 011 547	€ 8	Issue of 1,127,731 shares following a capital increase with cancellation of preferential subscription rights
2017	56 092 376		7 011 547	€ 8	
2018	56 092 376		7 011 547	€ 8	
2019	56 092 376		7 011 547	€ 8	

On 31 December 2019 the share capital was made up of 7,011,547 shares with a fully paid-up par value of €8, representing 8,105,888 voting rights. The breakdown of TOUAX SCA's capital and voting rights is detailed in paragraph 16.1 page 69.

INFORMATION CONCERNING ISSUE AUTHORISATIONS IN FORCE ON 31 DECEMBER 2019

The General Meeting of shareholders of 20 June 2018 and 24 June 2019, with the unanimous agreement of the General Partners, delegated the following issue authorisations to the Management Board:

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2019	total amount used
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with retention of preferential subscription rights	Combined General Meeting of 20 June 2018 (10th resolution)	19 août 2020	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with suppression of preferential subscription rights by offer to the public but with a priority time period	Combined General Meeting of 20 June 2018 (11th resolution)	19 août 2020	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital resulting from excess demands	Combined General Meeting of 20 June 2018 (12th resolution)	19 août 2020	maximum of 15% of the initial issue	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a category of persons	Combined General Meeting of 24 June 2019 (10th resolution)	23 décembre 2020	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €960,000 (2)	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a person specifically appointed	Combined General Meeting of 24 June 2019 (11th and 12th resolutions)	23 décembre 2020	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €320,000 (2)	not used	none

(1) Ceiling of €20 million authorised for all share capital increases in par value.
(2) Independent ceiling.

These authorizations cancel any previous delegations for the same purpose.

All financial instruments giving access to capital resulting in dilution are presented in paragraph 19.1.4 below.

19.1.1. Subscribed capital

The capital is fully subscribed and paid-up.

19.1.2. Securities not representing capital

There are no securities not representing capital.

19.1.3. Capital held by the issuer itself

The share of capital held by TOUAX SCA on 31 December 2019 is detailed in paragraph 16.1 page 69. No subsidiary holds a stake in TOUAX SCA.

19.1.4. Potential capital

The Group had issued bonds convertible into cash and/or new and/or existing shares (convertible bonds) whose characteristics were:

Instruments	CONVERTIBLE BONDS
Date of General Meeting	11/06/2015
Date of the Management Board	07/07/2015
Total number of financial instruments issued	1 277 777
Conversion starting point for the tools	10/07/2015
Expiration date	10/07/2020
Issue price	18 €
Parity	1 convertible bond for 1

On 21 June 2019 Touax SCA set up with an institutional investor a 40 million euro' senior secured end-of-term settlement' loan with a 5-year maturity. This financing enabled the extension of the average Group's debt maturity and is in line with the Group's growth and profitability strategy, in particular the refinancing of the ORNANE with a nominal value of 23 million euros due July 10, 2020. The Group repaid 93% of the nominal value on 1 August 2019 corresponding to the exercise of the bearers' redemption option and will repay the balance of the bonds remaining in circulation in September 2019.

19.1.5. Non-paid up capital

Not applicable

19.1.6. Option or conditional or unconditional agreement relating to share capital

Not applicable

19.1.7. Capital history

See paragraph 19.1 above.

19.2. CONSTITUTIVE ACTS AND ARTICLES OF ASSOCIATION

19.2.1. Extract from TOUAX SCA's articles of association

- **Object of the partnership (Article 2)**

The object of the partnership is in particular, in all countries:

- to purchase, lease, finance, sell, operate and maintain any standardized, mobile equipment, including shipping or storage containers, modular buildings, river barges and freight railcars;
- to operate river push-towing, towing, haulage, transport and chartering services on all waterways,
- to design, build, fit out, repair, purchase, sell, operate directly or indirectly and lease modular and industrialized buildings, and all industrial, mobile and transportable equipment in general,
- to acquire holdings in and operate any business or enterprise of an identical, similar or related nature, whether by forming new companies, capital contributions, subscribing or purchasing shares or other rights in such enterprises, by merger, association, or in any other way;
- to acquire, obtain and sell all types of patents, patents of addition and licenses of patents and processes;
- to acquire interests of any kind in any industrial, financial or commercial corporation, any corporation dealing in real or movable property, in existence now or in the future, in France or abroad;
- to acquire, operate, build or in any way develop any kind of land or buildings,
- the option to carry out services of any kind for the Touax Group, relating to the aforementioned objectives and any similar or related objectives which may further the development of the business operations of the company and its subsidiaries;
- in general, to carry out any commercial, industrial or financial transaction involving real or movable property directly or indirectly related to the above objects which may further the development of the partnership's business.

19.2.2.Existing share categories

A double voting right than that conferred to other shares, with regard to the share capital they represent, is allocated to all fully paid-up shares for which there will be proof of registered registration for at least five years in the name of the same shareholder.

The conversion to the bearer of a share, the transfer of its property makes the share lose the aforementioned double voting right.

In addition, in the event of a capital increase through the incorporation of reserves, profits or issue premiums, double voting rights shall be granted, from the date of issue, to registered shares allotted free of charge to shareholders on the basis of existing shares for which they have double voting rights.

19.2.3. Provisions of a charter or a regulation limiting the change of control or changes in capital

Not applicable

20. SIGNIFICANT CONTRACTS

There are no significant contracts other than those entered into in the normal course of business.

There are no contracts other than those entered into in the normal course of business, concluded by a member of the Group and including provisions imposing on any member of the Group a significant obligation or commitment for the Group as a whole, at the date of registration of the document.

21. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Available on the website www.touax.com in particular are the following documents:

• the reference documents in the form of annual reports, and their updates, filed with the AMF;
• financial press releases published by the Group.

Copies of this universal registration document are available, free of charge, from TOUAX SCA, Tour Franklin – 23rd floor – 100-101 Terrasse Boieldieu – 92042 La Défense cedex, FRANCE, as well as on the TOUAX website: www.touax.com and on the website of the French Financial Markets Authority (www.amf-france.org).

22. Reports of the Managing Partners

22.1. Management report

Dear Shareholders,

This management report was filed on 24 March 2020.

TOUAX is a business services Group, specialised in operational leasing and the sale of standardised mobile equipment with a long service life (15 to 50 years). On 31 December 2019, the Group mainly manages 3 types of equipment through 3 distinct divisions:

- freight railcars used for freight transport for major rail, logistics and industrial groups in Europe, the United States and Asia. The Group manages a fleet of about 11,078 railcars including 1,504 railcars, for which it provides technical management services,
- river barges intended for leasing in Europe, the USA and South America. The Group is the leader in Europe and South America with 97 barges, and
- shipping containers with a fleet of about 434,816,000 TEU (measurement of container size in twenty-foot equivalent units) distributed all over the world, giving the Group 1st position in continental Europe, and 8th position worldwide.

TOUAX is ideally placed to cater for the rapid growth in outsourcing by companies of their non-strategic assets and their use of leasing, which makes it possible to offer:

- a flexible contract for the short or long term;
- no capital expense for the customer,
- subcontracted maintenance;
- rapid availability.

Since TOUAX is a partnership limited by shares (SCA), it is stated that the joint decisions of the shareholders, apart from those relating to the appointment and dismissal of members of the Supervisory Board, only enter into force and become enforceable against the shareholders, the company and third parties, once it has been ascertained that the decision of the General Partners complies with the vote of the Limited Partner Shareholders at the Annual General Meeting.

1. The TOUAX Group

The Group's origins date back to 1853. The TOUAX Group was set up on 31 December 1898 and has been listed on the Paris Stock Exchange since 7 May 1906.

1.1. Group situation and analysis of the 2019 consolidated financial statements

1.1.1. International accounting standards

The consolidated financial statements on 31 December 2019 and comparative data have been prepared according to IFRS accounting standards, in accordance with the regulations in force.

1.1.2. Scope of consolidation

The complete list of companies consolidated by TOUAX is mentioned in the note 2.2 of the notes to the consolidated financial statements page 93 of the universal registration document.

1.1.3. Factors affecting our operating results

Our operating results and operating indicators examined below have been, and may continue to be, affected by certain determinants discussed below as well as certain historical events and facts.

Macroeconomic conditions and volume of international trade

We are subject to the effects of cyclical macroeconomics and general economic conditions. Global economic growth can have a major impact on the demand for goods and services provided by our various activities. Although periods of economic downturn or recession have had, and may in the future have, a negative impact on the demand and prices of our products and services, the diversification of our activities in 3 divisions and our global presence help to mitigate the impact of a downturn in a particular sector or market.

Our Freight Railcar, River Barge and Shipping Container divisions are all affected by changes in the volume of goods, but also largely benefit from a high demand for equipment replacement.

Freight railcar demand underlies demand for rail transportation and the need for replacement of older railcars. Rail transport depends on the evolution of trade worldwide and in a specific region. Levels of freight railcar leasing are therefore subject to variation based on a host of macroeconomic factors such as industrial output and consumer demand. In Europe, the need for annual freight railcar replacement is estimated at 14,000 railcars, equal to a market of around €1.4 billion.

The demand for river barges is closely linked to the regulatory, political and macroeconomic factors affecting the transportation of goods across different river basins, such as levels of industrial production, harvest level, local demand for goods, government policy relating to imports and exports of goods and the structure of international trade.

The Shipping Containers market is by its very nature an international market. As a result, growth in the shipping container industry is linked to international trade volumes. Significant demand is related to the need for annual renewal of the fleet estimated at 2 million containers (twenty equivalent unit) or a replacement market of about $4 billion.

The paragraph 5.1 of the universal registration document page 35 gives a thorough analysis of the macroeconomic conditions and other market factors that affect demand for our products and services.

Utilization rate, size of the leasing fleet and leasing rates

The three key factors affecting our leasing revenue are the utilization rate of our equipment, the quantity of equipment and the rates charged to our lessees.

Fluctuations in utilization rates directly affect our operating results in two ways. First, any change in the utilization rate has a direct effect on our leasing revenue: thus, a rising utilization rate increases our turnover. Secondly, the variation in the utilization rate can have an inverse effect on our operational expenses: a drop in the utilization rate can lead to an increase in storage costs. We are particularly affected by any variation in the utilization rate in our Freight Railcar and River Barge divisions, since a significant proportion of this equipment belongs to us. When we invest in an asset and keep it on our balance sheet, we bear all the risks and benefits associated with that property, as opposed to assets under management, for which a decline in sales or increase in costs reflects in lower distributions to investors.

We calculate the utilization rate of our leasing fleet over a period by dividing (i) the number of days that the tenant leased equipment by (ii) the number of days that the equipment was available for leasing. The utilisation rate of our Containers division excludes new containers manufactured but not yet leased with a first lease, as well as containers sold and lost.

The table below shows the quantity of equipment in our leasing fleet at the end of the year and the average utilisation rate of our leasing equipment for each of our divisions for the years ended 31 December 2018 and 2019:

	2019	2018
Freight railcars		
Number of railcars under management (at year end, platforms)*	9 574	9 434
Average utilisation rate	88,7%	84,9%
River barges		
Number of barges under management (at year end)**	97	99
Average utilisation rate	90,5%	90,3%
Containers		
Number of containers under management (at year end, in TEU)	434 816	463 741
Average utilisation rate	97,1%	98,7%

* excluding railcars under management for maintenance

** excluding chartered barges

Changes in the demand for our leasing equipment affect both the utilization rate and the prices we can charge. The demand for our products and services is subject to change based on a number of factors, including but not limited to the macroeconomic conditions affecting demand in the end markets to which we supply our products and services. Other factors affecting the utilization rate of our fleet include:

- the supply available in new and used equipment, the location and prices of this equipment;
- the decision of a client to own their equipment rather than lease it;
- changing trends and patterns in freight transport trends;
- the availability and financing of equipment;
- the lead times required to purchase equipment, which may vary significantly and affect our ability to meet customer demand;
- the quantity of equipment purchased by our competitors and the amount that the lessees themselves possess;
- the decision of a shipping line or logistics company to reposition unused containers or railcars in higher demand locations, instead of leasing containers or railcars to meet the demand;
- the consolidation of lessees of equipment and a lower demand for leased equipment because of the economic viability, for concentrated players, of buying their own fleets of equipment; and
- disasters serious enough to harm the local and global economy.

Many of these factors are out of our control. To a certain extent, we can influence utilization rates by optimising our fleet of leasing equipment or by adjusting our leasing rates. In addition, for our Shipping Container division, we can also influence utilisation rates by limiting the locations where lessees can return containers at the end of the lease, so that our containers are where the leasing demand is highest.

The change in the size of our fleet has an impact on our operating results, either by increasing our fleet through purchases or by reducing our fleet through disposals. We purchase new equipment in the ordinary course of business to replace ageing assets.

Because of the dynamics of the shipping container industry and the relatively short lead time with which customers expect to be able to take delivery of a container once they have signed a lease agreement, we seek to have a supply of new containers immediately available for leasing. We closely monitor the price of equipment to seize the opportunity to buy new assets when prices are low. The price of containers depends largely on the price of steel, which is the major component used in their manufacture. In contrast with our Shipping Containers division, we generally do not purchase new equipment for use in our Freight Railcar and River Barges divisions if we have not signed a lease agreement with a customer.

We carry out two types of sales: syndications to investors and sales to end customers. Depending on the market situation and our liquidity needs, we sell equipment to investors with whom we establish an asset management relationship and we sell equipment to end customers, corresponding either to a sale of equipment or to a purchase option by a customer at the end of a lease agreement with an option to purchase (rare situation).

The assets that make up our leasing fleet are long-term assets and generally retain a significant portion of their value on the second-hand market. When we sell an asset, we book the amount of the sale in income from activities, which can increase our income from activities over the period during which the sale took place. When an asset in our leasing fleet is sold to a client, we will no longer be able to benefit from its leasing income, which may subsequently result in lower revenue and cash flow. As a general rule, our sales levels may vary considerably from one period to another depending on the sale of our equipment, which explains a change in our sales revenue and total revenue. Syndications are sales of equipment to third-party investors. Although we recorded a sale and the equipment no longer appears in our balance sheet during syndication, we continue to realize a recurring revenue related to the lease of this asset for the duration of the management contract for assets that we enter into with our third party investors.

Our income from activities, operating margins and EBITDA are also dependent on the age of the equipment we sell in syndication or in simple sales. The more we depreciate our equipment over time, the greater our margins resulting from their sale. The breakdown of our sales between old equipment and new equipment tends to be determined by market prices, the demand of our investors and the availability of equipment.

Lastly, our leasing rates also have a direct impact on our operating results as our rates affect our leasing revenue. The leasing rates we charge our customers are directly correlated with the price at which we buy the equipment to optimise our return on investment. Since much of our leasing is long-term, we are able to contractually set rates despite the price fluctuations of new equipment on the market. However, in the event of a lasting reduction in the purchase price of new equipment resulting in a lower leasing rate or resale value on the market for all existing equipment, we may encounter difficulties in releasing equipment at a profitable price, even if a sustained reduction in prices would allow us to buy new equipment at a lower cost. Daily leasing rates in the shipping container leasing sector have generally been trending downwards in recent years, mainly due to lower steel prices and the consequent drop in the purchase price of new shipping containers. The trend reversed in 2018. We cannot predict whether this trend will continue in the short term.

Property and management

Our main activity is the leasing of mobile and standardized equipment. We finance the growth of our leasing fleet in two ways: by financial debt and/or equity or by syndication of equipment to third-party investors.

The total gross book value of our leasing fleet was approximately 1.2 billion euros on 31 December 2019. We own 38% of our total leasing fleet, with the remaining 62% held by third-party investors. The table below provides a breakdown of the gross book value of our assets under management for our own account and for third-party investors on 31 December 2018 and 2019.

(in thousands of euros)	On 31 december			
	2019		2018	
	Group-owned	**3rd party investor-owned**	**Group-owned**	**3rd party investor-owned**
Freight railcars	292 395	132 777	281 655	125 276
River barges (1)	74 118	10 215	73 165	10 215
Containers	73 532	589 443	78 180	637 528
Other	8 107		8 075	
TOTAL	**448 152**	**732 435**	**441 075**	**773 019**

(1) The river barges owned by third-party investors correspond to the barges used for the chartering activity.

We buy freight railcars, river barges and shipping containers from supplier plants. We sell the equipment on the second-hand market or we destroy them at the end of their life cycle, when we believe that it is financially beneficial for us to do so, taking into account the location, the sales price, repair costs and any repositioning fees.

Mainly in our Freight Railcar and Shipping Container divisions, we syndicate part of our fleet to third-party investors who purchase the equipment directly from us. We generally finance the purchase of materials for syndication through revolving credits (warehouse), before selling this equipment to investors. These investors are wealth managers, financial companies or other investment companies who want to diversify their investments with recurring returns on real, tangible and long-lived assets. These investors enter into a management contract at the time of the acquisition of this equipment, under which we undertake, without guarantee, to lease and manage their equipment and, in return, to distribute to them the revenues from the leasing of this equipment, minus any management fees. The equipment is managed in pools of assets, which consist of a mix of syndicated assets and owned assets. By managing the equipment in this way, we are able to ensure equal treatment between TOUAX and the investors in our leasing fleet and ensure that we share the same benefits.

We achieve margins on our fleet under management in many ways. First, we achieve margins on our fleet under management at the time of purchase of equipment by the investor, which can represent 2% to 5% of the book value of the syndicated equipment. During the leasing period of the equipment, we collect management fees representing generally 5% to 10% of the gross leasing turnover. We receive an incentive for the duration of the contract until the targeted return on investment objectives are achieved. When disengaging an investor, we have several choices: we repackage the syndication portfolio to a new investor, sell the assets on the second-hand market or buy the portfolio for ourselves. If we sell the assets at the request of the investor, we generally receive a sales commission of between 5% and 15% of the selling price.

The accounting processing of income from activities is shown in the note 1.20.1 of the notes to the consolidated financial statements page 88 of the universal registration document.

We are continually looking for opportunities to syndicate new assets. Syndication is a way for us to grow without increasing our leverage or gearing ratio. When we retain the equipment on our balance sheet, we bear the associated risks (such as the risk of non-use and therefore a lower return on investment than expected), but are also able to take advantage of all of the profits that can be derived from the equipment, as opposed to syndication that requires us to distribute a significant portion of these profits to our investors. As a result, we benefit from a lower EBITDA and margins for equipment we manage for third parties than we generate with our owned fleet. We believe that syndication opportunities will continue to be open to us in the future, primarily because of our success in managing assets on behalf of our third-party investors and TOUAX's asset management expertise.

We finance our purchases of equipment through various means, including whether or not we intend to keep this equipment on our balance sheet or syndicate it to a third-party investor. We use a combination of drawings on our revolving lines of credit, our asset lines and our financial leasing lines to finance our acquisitions.

Operational performance

Our operating profit is significantly affected by our operating performance. We believe that our diversified business model allows us to generate revenue and recurring operating margins reflecting the quality of our standardized, flexible and liquid assets. Our day-to-day leasing and sales operations are enhanced by our dynamic equipment management enabling us to generate additional revenue through syndication and opportunistic sales of second-hand equipment.

The operating profitability of the transport activities improved in 2019.

The performance of our Freight Railcar activity is improving, thanks in particular to an increasing utilisation rate offset by repair costs that are also increasing. In a context of a growing market driven by the need to replace fleets, the Group has initiated leasing rate increases.

The performance of our River Barges activity is in decline excluding asset disposals with a market in South America still weak.

The operational performance of our Shipping Container activity is improving thanks to the restart in Q2 2018 of investments (owned by us and for third parties) and the growth of new and used container trading.

Exchange rate fluctuations

We operate internationally and are therefore exposed to various currency exchange risks. Although the presentation currency is the euro, the functional currency of each of our subsidiaries is generally the local currency. Nevertheless, when it comes to international commercial practice, the sales of shipping containers and the leasing rates charged for them are exclusively denominated in US dollars. As a result, the results of our Shipping Containers division may be particularly affected by changes in the exchange rate between the euro and the US dollar. Similarly, our River Barge division may also be particularly affected by a changing exchange rate between the euro and the US dollar, since leasing rates for river barges in North and South America are denominated in US dollars. Based on our results for the year ended 31 December 2019, we estimate that the 10% decrease in the exchange rate of the US dollar against the euro would result in a decline in our current operating income of 3.59%.

The sensitivity of our shareholders' equity and current operating income to exchange rate fluctuations is presented in the note 34.5 of the consolidated financial statements for the year ended 31 December 2019, page 118 of the universal registration document.

➢ *Conversion risk*

The conversion risk is the risk that the value of our income from activities, costs, assets and liabilities reported in foreign currencies and converted into euros for the preparation of our consolidated income statement and balance sheet will fluctuate due to changes in exchange rates. For example, the weakening of the euro against the US dollar will result in an increase in our income from activities and costs published in euros. Given that a number of our subsidiaries operate in markets other than those in the euro zone and our Shipping Container division operates exclusively in US dollars, these effects can be significant.

➢ *Transaction risk*

Historically, our business has benefited from natural hedging against a significant portion of our transactional foreign exchange risk, as we generate in principle both income and expenses in the same currency, and we finance our assets in the same currency as the turnover they generate. There are some exceptions to this rule, such as the fact that certain costs related to our Shipping Containers division are incurred in euros or Singapore dollars, for example, while our revenues are expressed exclusively in US dollars.

We are most exposed when we exchange currencies in the normal course of our cash management and centralization. In order to avoid major exchange rate risks, we occasionally carry out hedging transactions to reduce our transactional foreign exchange risk. We generally use forward sales, purchase contracts or conventional options (*"plain vanilla"*). On 31 December 2019, there was no operational currency exchange risk hedge.

It should be noted that the inter-company loan/borrowings hedging failed when we were working with an English broker Monex Europe Market Ltd registered and regulated by the FCA. We have no longer worked with this broker since 1 July 2019.

Acquisitions, disposals and joint ventures

We have made strategic acquisitions either to access new markets or increase our market share in our existing markets.

In the Freight Railcars division, we are party to several joint ventures. In 1998, our subsidiary TOUAX Corporation, then TOUAX Rail Limited ("TRL"), invested 51% in a joint venture, CFCL-Touax LLC ("CFCL-Touax"), with Chicago Freight Car Leasing Co. ("CFCL") in order to expand our presence in the railcar leasing market in the United States. In 2014, TRL and CFCL concluded an agreement to liquidate CFCL-Touax, under the terms of which CFCL-Touax agreed to sell its fleet of railcars.

In addition, in 2012, TRL increased its interest in SRF Railcar Leasing Ltd ("SRFRL"), which we incorporated as a joint venture in April 2009 in Freight Railcars. TRL's stake in SRFRL is 51% of the share capital and voting rights. Since acquiring control of SRFRL, we have consolidated it using the full consolidation method in our financial statements from 1 January 2012.

In December 2015, the company TRF3 was formed with a view to taking under management the European freight railcar leasing business of General Electric. The share capital of this company is held by third party investors at 73.81% and by the Group at 26.19%. Bank financing of assets was set up to complete the financing of this acquisition. The company TRF3 was accounted for under the equity method in the Group's accounts for an amount of €2.7 million and the shareholding amounted to €5 million at 31 December 2016. Following the purchase of 3.3 million additional shares in TRF3, TOUAX Group has consolidated this entity using the full consolidation method since January 2017.

We continually assess the viability and strategic liquidity needs of our businesses and may, from time to time, sell minority interests in our divisions to obtain cash.

Debt and financial structure

Financial debt dominates our financial structure due to the significant capital requirements of our businesses, impacting our future results and, in particular, our net financial expenses.

1.1.4. Description of the main income statement items

Income from activities is made up of the leasing activity, equipment sales activity, syndication fees and capital gains (or losses) from disposals not linked to recurring activities.

Leasing revenue mainly includes the rent received from operating leases for all the equipment we manage, whether for our own account or on behalf of third-party investors, as well as additional services invoiced within the scope of the leases, such as repairs, transportation. In our River Barges division, leasing revenue also includes our chartering and storage activities in this sector. Interest income on finance leases granted to our customers is also recorded in our leasing revenue.

Equipment sales correspond to the revenues generated by (i) the sale of new equipment as part of our trading activity (purchase of new equipment for resale), (ii) the sale of equipment that we manufacture in our Moroccan factory in the modular buildings business (production of new equipment for sale), (iii) the sale of used equipment which appears on our balance sheet (iv) and the sales commission of used equipment belonging to investors. For all these transactions, the total amount of the sale price of the asset is recorded in the sale of equipment, as is the price of certain associated services, such as transport. Equipment sales also include the sale of receivables on the finance lease, as well as certain commissions invoiced to our customers within the scope of our activity.

In accordance with IFRS 15, sales of equipment to investors (syndication) are shown in income from activities on a separate line. Syndication activity is now presented as a commission (sale price - purchase cost).

In accordance with IFRS, revenues generated by disposals of assets other than freight railcars, river barges and shipping containers is not recorded in the equipment sales item, but in plus (or minus) disposal values not linked to recurring activities.

The **cost of equipment sales** includes all costs related to the sale. The cost of sales includes in particular (i) the purchase price of new equipment purchased for resale in the course of our trading activities, (ii) the cost of producing equipment that we manufacture for sale to third parties in the context of our Modular Buildings Africa business (in particular the cost of raw materials and production personnel costs) and (iii) the net book value of the equipment we sell and which appeared on our balance sheet as tangible assets or in stock at the time of the sale and all costs associated with these sales.

Operational expenses correspond to the costs incurred as part of our leasing activity. These operational expenses include maintenance and repair costs, transportation costs, storage costs, and other costs incurred in the leasing of equipment. Operational expenses also include personnel costs related to our agency teams and our operational teams, such as logistics and technical teams.

In addition, operational expenses record operating provisions for bad debts. Finally, we record the value added contribution of companies (or "CVAE") for French entities as an operational expense.

Overheads and administrative expenses include general operating expenses, such as head office support expenses, including our administrative staff, other administrative and IT expenses, real estate rents, and consulting or legal fees.

Depreciation, amortization and impairments mainly correspond to the straight-line depreciation of assets held by our Group, the depreciation of equipment belonging to the Group and financed by finance leases, as well as impairment (excluding goodwill impairment).

Net distribution to third-party investors corresponds to the leasing revenue generated by the equipment we manage on behalf of third-party investors, less management fees and other operating expenses incurred in the management of this equipment, which is distributed to third-party investors according to the distribution rules of our management programs. Distributions may vary for a number of reasons, including a decrease in leasing revenue or an increase in the costs associated with the leasing fleet owned by a third-party investor.

Other income (expenses), net amount, includes non-recurring operating income and expenses.

In particular, this section includes the goodwill impairment, the acquisition costs of the equity investments, the variations in the fair value of the additional amounts included in the prices agreed when acquiring stock and the restructuring costs.

Net financial expenses mainly list the interest payable on financial debt, minus any interest income on interest products as well as the *mark to market* valuation for derivatives and the convertible bond when this is recorded in the income statement.

Corporate tax consists of current taxes payable by our Group and deferred taxes calculated on tax losses and temporary differences between the consolidated results in our financial statements and the tax results.

1.1.5. Group operating results

The table below presents certain items in our income statement for the years ended 31 December 2018 and 2019.

(in thousands of euros)	Year end 31 December	
	2019	2018
Leasing activity	134 845	134 540
Sales of equipment activity	32 242	18 749
Revenues	**167 087**	**153 289**
Syndication commissions	1 467	997
Gains or losses from disposals not linked to recurring activities	455	255
Income from activities	**169 009**	**154 541**
Cost of equipment sales	(22 644)	(13 644)
Operational expenses	(33 873)	(33 955)
Overheads and administrative expenses	(22 202)	(23 842)
Gross operating margin (EBITDAR)	**90 290**	**83 100**
Net distribution to investors	(53 392)	(57 403)
EBITDA	**36 898**	**25 697**
Amortisation and impairments	(21 763)	(17 741)
Current operating profit/loss	**15 135**	**7 956**
Other operating income and expenses		156
Operating profit/loss	**15 135**	**8 112**
Cash flow and cash equivalents	38	20
Cost of gross financial debt	(11 884)	(10 081)
Cost of net financial debt	**(11 846)**	**(10 061)**
Other financial income and expenses	(2 603)	(182)
Financial profit/loss	**(14 449)**	**(10 243)**
profit/loss from companies accounted for by the equity method		
Current pre-tax profit/loss	**686**	**(2 131)**
Tax on profits	(1 485)	(475)
Net profit/loss from continuing activities	**(799)**	**(2 606)**
Net profit/loss from transferred activities	(741)	(955)
Net profit/loss	**(1 540)**	**(3 561)**
Of which Stakes not giving control (minority interests) in continuing activities	1 158	597
Of which Stakes not giving control (minority interests) in transferred activities		
NET CONSOLIDATED PROFIT/LOSS (GROUP SHARE)	**(2 698)**	**(4 158)**
Of which net profit/loss from continuing activities	(1 957)	(3 203)
Of which net profit/loss from transferred activities	(741)	(955)

1.1.6. Year ended 31 December 2019 compared to the year ended 31 December 2018

Income from activities

The table below shows the breakdown of our income from activities for the years ended 31 December 2019 and 2018:

Income from activities by activity *(in thousands of euros)*	**Year end 31 december 2019**	Contribution (as a %)	Year end 31 december 2018	Contribution (as a %)	Variation 2019/2018	Variation (as a%)
Freight railcars	**61 124**	**37%**	**56 332**	**36%**	**4 792**	**8,51%**
Leasing activity	58 384	35%	53 419	35%	4 965	9,29%
Sale of equipment activity	1 664	1%	2 226	1%	-562	-25,25%
Syndication commissions	1 076	1%	687	0%	389	56,62%
River barges	**11 822**	**7%**	**14 501**	**9%**	**-2 679**	**-18,47%**
Leasing activity	11 674	7%	12 437	9%	-763	-6,13%
Sale of equipment activity	148	0%	2 064		-1 916	-92,83%
Containers	**81 794**	**48%**	**76 372**	**48%**	**5 424**	**7,10%**
Leasing activity	64 827	38%	67 996	44%	-3 169	-4,66%
Sale of equipment activity	16 577	10%	8 066	5%	8 512	105,53%
Syndication commissions and gains and losses from disposals not linked to recurring activities	390		310		81	26,13%
Miscellaneous and eliminations	**14 269**	**8%**	**7 336**	**5%**	**6 936**	**94,55%**
Leasing activity	(40)	1%	688		-727	-105,67%
Sales of equipment activity	13 853	8%	6 393	4%	7 461	116,71%
Gains and losses from disposals not linked to recurring activities	456		255	0%	202	79,22%
TOTAL INCOME FROM ACTIVITIES	**169 009**	**100%**	**154 541**	**100%**	**14 473**	**9,37%**

› Income from activities

Operating income increased by 14.5 million euros (or +9.4%) from 154.5 million euros in 2018 to 169 million euros in 2019. At constant currency and scope[1], the change is +6.3%. The dollar became stronger between the two periods, rising from $1.1810 = €1 on 31 June 2018 to $1.1195 = €1 on 31 June 2019.

- The Freight Railcar business increased by €4.8 million due to higher utilisation rates and leasing rates.
- The River Barge activity decreased by €2.7 million, which is mainly due to the disposal of barges in 2018.
- The Containers activity recorded an increase of 5.4 million euros (7.1%), which is explained by an increase in the equipment sales activity, offset by a decrease in the rental activity of equipment held by Investors. The strengthening of the dollar has a significant impact on the division: leasing activity would see a fall of 9.6% with a constant dollar exchange rate. The reduction in the fleet due to used sales and the end of lease-purchase contracts in 2018, the drop in the utilisation rate and leasing prices explain this fall in leasing activity.

Leasing activity increased by €0.3 million from €134.5 million on 31 June 2018 to €134.8 million on 31 June 2019, representing a +0.2% change. The change in leasing activity at constant currency and scope[1] is -2.4 %.

Equipment sales increased by €13.5 million (or +72%), from €18.7 million in June 2018 to €32.2 million in June 2019.

Syndication fees and capital gains on non-recurring activities amounted to €1.9 million (including €1.5 million of syndication fees) compared to €1.3 million in 2018, a change of €0.7 million.

› Income from Freight Railcar division activities

Income from activities in the Freight Railcar division decreased by €4.8 million from €56.3 million on 31 December 2018 to €61.1 million on 31 December 2019.

Leasing activity increased by €5 million (or +9.3%), from €53.4 million in June 2018 to €58.4 million in June 2019. This increase can be explained firstly by the average utilisation rate which continued to increase to 88.7% compared to an average of 84.9% during the first half of 2018 and secondly by the rise in leasing rates.

The sale of equipment activity decreased by €0.6 million, from €2.2 million in June 2018 to €1.7 million in June 2019.

The syndication commission was €1.1 million on 31 December 2019 compared to €0.7 million in 2018.

- **Income from activities in the River Barges division**

Income from activities in the River Barges division decreased by €2.7 million (or -18.5%), changing from €14.5 million in June 2018 to €11.8 million in June 2019. This variation is mainly due to the disposal of barges in 2018 for €2 million. Leasing activity is down in South America (difficult market) offset by activity in Europe. Ancillary services are also down (chartering).

- **Income from activities in the Shipping Container division**

Income from activities in the Containers division increased by €5.4 million (or +7.1%), changing from €76.4 million in December 2018 to €81.8 million in December 2019. This variation is explained by an increase in the equipment sales activity, offset by a decrease in leasing activity.

Leasing activity in the Containers division increased by €3.2 million (or +4.7%), changing from €68 million in December 2018 to €64.8 million in December 2019. At a constant Euro/Dollar exchange rate, the leasing activity of the Containers division decreased by 9.6%. The fall in leasing revenues is due to a slight decrease in daily leasing rates but especially to the decrease in the leasing fleet (-37,854 TEU compared to December 2018 (451,052 CEUs on 31.12.2019)). The utilisation rate decreased with an average of 97.1% in 2019 compared to 98.7% in 2018. While the leasing revenues from equipment under management is decreasing, the share of leasing revenues from owned equipment is growing mainly thanks to investments made. Ancillary services (€8.3 million in December 2019 compared to €3.5 million in December 2018) correspond to re-invoicing of repairs following the return of containers.

The equipment sales activity increased by €8.5 million (or +105.5%), from €8.1 million in December 2018 to €16.6 million in December 2019. The division has continued to develop new container trading operations and has sold used containers on behalf of investors. These disposals are linked to the age of the fleet, in the normal cycle of the activity. At constant currency, the variation is +94.8%.

The syndication commission for containers increased by €0.1 million (+26.1%). The sale amount of 13,695 TEUs amounted to €25.2 million and generated a margin of €0.4 million. At constant currency, the variation is +19.5%.

Cost of equipment sales

The table below shows the breakdown of our cost of sales by division for the years ended 31 December 2019 and 2018.

Cost of sales by division	2019	As a % of equipment sales in the division	2018	As a % of equipment sales in the division	Variation
	(in thousands of euros)	*(as a %)*	*(in thousands of euros)*	*(as a%)*	*(as a %)*
Freight railcars	(640)	38%	(434)	19%	47%
River barges	(26)	18%	(1 127)	55%	-98%
Containers	(10 201)	87%	(5 800)	89%	76%
Miscellanous and eliminations	(11 778)	85%	(6 283)	98%	87%
TOTAL COST OF SALES	**(22 644)**		**(13 644)**		**66%**
TOTAL COST OF SALES (as a % of equipment sales)		**83%**		**79%**	

- **Total cost of sales**

Income from activities in the Containers division increased by €9 million (or +66%), changing from €13.6 million in December 2018 to €22.6 million in December 2019.

- **Cost of sales in the Freight Railcars division**

The cost of sales of the Freight Railcar division increased by 0.2 million euros from 0.4 million euros in December 2018 to 0.6 million in December 2019. The variation is explained by a drop in sales volumes and the margin rate.

- **Cost of sales in the River Barges division**

The cost of sales of the Barges division fell by 1.1 million euros in parallel with the drop in sales.

- **Cost of sales in the Shipping Containers division**

The cost of sales in the Containers division increased by €4.4 million (or +76%), changing from €5.8 million in December 2018 to €10.2 million in December 2019. The margin on all sales to customers increased by €4.1 million compared to December 2018.

Operating expenses

The table below shows the breakdown of our operating expenses by division for the years ended 31 December 2019 and 2018.

Operating expenses	2019	As a % of the divion's revenues	2018	As a % of the divion's revenues	Variation	
	(in thousands of euros)	*(as a%)*	*(in thousands of euros)*	*(as a%)*	*(in thousands of euros)*	*(as a%)*
Freight railcars	(21 115)	35%	(18 296)	33%	(2 819)	15%
River barges	(5 507)	47%	(6 208)	43%	701	-11%
Containers	(6 245)	8%	(8 300)	11%	2 055	-25%
Miscellanous and eliminations	(1 005)	7%	(1 151)	16%	146	-13%
TOTAL	**(33 873)**	**20%**	**(33 955)**	**22%**	**82**	**0%**

Total operating expenses

Operating expenses were stable at 33.9 million euros. The drop in operational expenses in the container division was offset by the increase in this item in the railcar division.

Operating expenses in the Freight Railcars division

Operational expenses in the Freight Railcar division increased by 2.8 million euros, from 18.3 million euros in December 2018 to 21.1 million euros in December 2019. This variation is mainly explained by:

- Higher railcar repair costs, railcar revisions, spare parts inventory changes of €2.6 million
- The increase in transport costs equalling 0.5 million euros.

Operating expenses in the River Barges division

Operating expenses for the River Barges division decreased by €0.7 million. This variation is mainly explained by:

- Chartering costs decrease by 0.6 million euros in line with revenues
- Repair expenses increased by €0.2 million
- Sub-leasing expenses decreased by 0.5 million euros (the impact of the implementation of IFRS 16 is 0.3 million euros).

Operating expenses in the Shipping Containers division

The operating expenses incurred in our Shipping Containers division fell by €2.1 million (or -25%) decreasing from €8.3 million in December 2018 to €6.2 million in December 2019. This variation is mainly explained by:

- A decrease of €3.3 million of lease purchase following ends of contract
- A decrease in the item under equipment leasing equalling 0.4 million euros explained by an end to the contract
- A 1.3 million euro increase in handling and storage costs explained by a higher level of repossessions
- An increase in transport costs equalling 0.5 million euros due to the growth in trading
- An increase in maintenance and repair costs of €0.6 million
- An increase in agent fees of €0.1 million
- A decrease in provisions for bad debts of €1.4 million
- A drop in various operating income of 0.5 million due to insurance compensation for the bankruptcy of a client in 2018.

General and administrative expenses

The table below shows the breakdown of our general and administrative expenses by division for the 2019 and 2018 financial years.

General overheads and administrative expenses	2019	As a % of the divion's revenues	2018	As a % of the divion's revenues	Variation	
	(in thousands of euros)	*(as a %)*	*(in thousands of euros)*	*(as a %)*	*(in thousands of euros)*	*(as a %)*
Freight railcars	(10 735)	18%	(9 435)	17%	(1301)	14%
River barges	(2 787)	24%	(2 645)	18%	(143)	5%
Containers	(8 682)	11%	(7 951)	10%	(731)	9%
Miscellanous and eliminations	3	0%	(3 811)	54%	3815	
TOTAL	**(22 201)**	**13%**	**(23 842)**	**16%**	**1 641**	**-7%**

Total general and administrative expenses

General expenses and administrative expenses decreased by 7%, from €23.8 million in December 2018 to €22.2 million in December 2019.

- **General and administrative expenses in the Freight Railcars division**

General and administrative expenses incurred by the Freight Railcars division increased by €1.3 million changing from €9.4 million on 31 December 2018 to €10.7 million on 31 December 2019. Personnel costs increased by €0.4 million. Corporate management fees increased by 0.8 million euros.

- **General and administrative expenses in the River Barges division**

General and administrative expenses for the River Barges division increased by €0.1 million or (+5 %). This increase is mainly due to the increase in the re-invoicing of central costs for €0.2 million.

- **General and administrative expenses in the Shipping Containers division**

The general and administrative expenses incurred in the Shipping Containers division increased by €0.8 million (or 9%) changing from €8 million in 2018 to €8.7 million in 2019. The variation is mainly due to an increase in corporate management fees of 0.6 million euros.

- **Central costs**

The Group's central costs decreased by €2 million. Real estate rent restated as finance leasing has a positive impact on EBITDA for 0.6 million euros. Fees fell by 0.3 million euros. Personnel costs fell by 0.7 million euros, IT expenses fell by 0.2 million euros, travel expenses decreased by 0.1 million euros.

- **Net distributions to investors**

The net distribution to investors is analysed in the note 9 of the notes to the consolidated financial statements page 99 of the universal registration document.

- **Provisions for depreciation and impairment of assets**

Provisions for depreciation and impairment of assets are analysed in the notes to the consolidated financial statements, page 99 of the universal registration document.

- **Other operating income and expenses**

Other operating expenses and revenues are analysed in the note 10 of the notes to the consolidated financial statements page 99 of the universal registration document.

- **Financial profit or loss**

Financial profit or loss is analysed in the note 12 of the notes to the consolidated financial statements page 100 of the universal registration document. Taxes on profits

- **Income tax**

Corporate income tax is analysed in the note 13.1 of the notes to the consolidated financial statements page 100 of the universal registration document.

1.1.7. Cash flow

The following table summarises our cash flows for the years ended 31 December 2019 and 2018.

(in thousands of euros)	**Year end 31 December**	
	2019	2018
cash flows generated by operational activities	**8 347**	**4 697**
Cash flows linked to investment operations	**3 010**	**(1 419)**
Cash flows linked to financing operations	**331**	**(5 239)**
Cash flows linked to exchange rate variations	**28**	**56**
Variation in net cash flow	11 717	(1 905)
Cash flow at the start of the period	26 857	28 762
Cash flow at the end of the period	38 574	26 857

› Cash generated by (used for) operational activities

The following table presents the components of our cash flows generated by (used for) operating activities for the years ended 31 December 2019 and 2018.

(in thousands of euros)	Year end 31 December	
	2019	2018
Self-financing capacity before the cost of net financial debt and taxes	32 577	23 790
taxes paid	(859)	57
Variation in working capital requirement linked to the activity, outside stock variation	4 527	10 764
Stock variation	*6 053*	*(42 974)*
Variation in investment working capital requirement	*(17 027)*	*24 296*
Purchase of assets for leasing	*(31 856)*	*(21 568)*
Income from asset disposal	*14 639*	*9 466*
Net impact of lease-financing granted to customers	*293*	*866*
Sub-total [(1)]	(27 898)	(29 914)
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**8 347**	**4 697**

(1) The sum of inventory changes, changes in working capital requirement, the acquisition of lease assets, proceeds from the sale of assets and the net impact of lease financing granted to customers is the net impact of equipment purchases and sales over a period of time.

Our cash flow generated by (used for) operational activities is primarily influenced by the operating profitability of our activities minus any taxes paid, changes in working capital requirements related to activity outside inventory variations and cash flow linked to our acquisitions and disposals of assets.

Cash flow generated by our investment in leasing equipment and the income from activities generated by the sale of this equipment are presented as cash flows from operating activities rather than as cash flow linked to investment operations, compliant with the IFRS referential. Similarly, repayments of loans granted under finance leases granted to our customers are included in cash flows from operating activities rather than in cash flows linked to investment operations.

› Description of the main cash flow components generated by operating activities

Self-financing capacity before cost of net financial debt and taxes

Self-financing capacity before cost of net financial debt and taxes corresponds to our operating results, adjusted for depreciation and provisions, provisions for deferred taxes, plus or minus values on disposals of fixed assets and other assets and non-cash income and expenses, before the cost of net financial debt and any taxes paid.

Taxes paid

Taxes paid include corporation taxes paid in each jurisdiction within which our Group operates, in particular, in France, the Territorial Economic Contribution, which includes the contribution on the value added of companies for French entities (CVAE), recorded on our revenue declaration as operational expenses, and the property contribution of companies.

Change in working capital requirement related to activity excluding changes in inventories

The change in the working capital requirement linked to the activity, excluding stock variation, corresponds mainly to the net changes in trade receivables, commercial payables and other current assets and liabilities, which are not related to the disposal of fixed assets or to investments.

Stock variation

Stock variation reflects the change in our inventory, mainly composed of leasing equipment that we have kept for less than a year. We generally syndicate the assets of the stock to third-party investors within one year of their acquisition.

Change in investment working capital requirement

The change in investment working capital requirement is the net change in accounts payable and receivable related to assets we hold as capital assets, which relates primarily to leasing equipment that we maintain on our own behalf and that we intend to keep, or that we can syndicate, but have kept on our balance sheet for a long time (usually over a year).

Acquisition of assets for leasing

Acquisition of assets for leasing corresponds to the funds expended for the purchase of equipment for our leasing fleet recorded as fixed assets and which are not acquired for the purpose of syndication to third-party investors.

Proceeds from disposal of assets

Proceeds from the disposal of assets correspond to the cash obtained from sales of equipment previously recorded as fixed assets on our balance sheet.

Net impact of finance leasing to clients

The net impact of finance leasing granted to customers corresponds to the cash impact of the repayments received during a given period of loans granted to our tenant customers within the scope of finance leasing.

> **Comparison between the year ended 31 December 2019 and the year ended 31 December 2018**

Cash flows generated by operating activities amounted to €8.3 million on 31 December 2019, compared to cash flows generated by operating activities of €4.7 million for the year ended 31 December 2018, representing an increase of €3.6 million.

- Self-financing capacity improved, moving from €23.8 million in 2018 to €32.6 million in 2019.
- Investments in 2019 are significantly higher than in 2018, equal to a decrease of €2 million.

> **Cash flows relating to investment operations**

The following table presents the components of our cash flow linked to investment operations for the years ended 31 December 2019 and 2018.

(in thousands of euros)	Year end 31 December	
	2019	2018
Acquisitions of tangible and intangible assets	(291)	(549)
net variation of loans and advances granted	2 304	(1 149)
Acquisition of financial assets		
Income from disposals of assets other than those for leasing	456	279
cash flows of subsidiaries enetring or leaving the scope	468	
Income from disposal of securities	73	
CASH FLOWS LINKED TO INVESTMENT OPERATIONS	**3 010**	**(1 419)**

In 2019, the investment flow is mainly explained by the reimbursement of 2.5 million euros from the bank account blocked during the sale of the Modular Buildings activity in 2017.

In 2018, cash flow from investment operations is mainly explained by the payment of certificates required by the Hong Kong tax authorities pending the continuation of the procedure to validate the off-shore scheme.

> **Cash flows related to financing activities**

The following table presents the components of our cash flows linked to financing operations for the years ended 31 December 2019 and 2018.

(in thousands of euros)	Year end 31 December	
	2019	2018
Receipts linked to new loans	63 481	111 519
Repayments of loans	(43 972)	(101 836)
Net variation of financial debts	**19 509**	**9 683**
Leasing liability	(1 825)	
Net increase of shareholder capital	385	(111)
Net cost of financial debt	(11 847)	(10 061)
Financial expenses linked to leases	(366)	
Distribution of dividends to minority interests	(30)	(377)
Statutory remuneration of general partners	(257)	(269)
Payment of interest on hybrid capital	(5 230)	(4 039)
net sale (purchase) of own shares	16	(42)
Miscellaneous	(24)	(23)
CASH FLOWS LINKED TO FINANCING OPERATIONS	**331**	**(5 239)**

Cash flow from financing operations was -€0.3 million on 31 December 2019, compared with cash flows of -€5.2 million on 31 December 2018. In 2018, the Shipping Container and Freight Railcar divisions refinanced their debts. In 2019, the new 2019 financing (refinancing) benefits the Corporate, Container and Railcar activities.

1.1.8. Investments

As a company specialising in the leasing of standardised mobile equipment, we make investments in fixed assets as part of our ongoing operations. We look to acquire fleets of new or used equipment in order to grow our business. The choice of investing or not in new equipment is subject to analysis by each division based on a series of factors that allow them to calculate an estimate of the return on investment, including:

- The price at which the equipment must be purchased;
- The expected price at which we will be able to lease this equipment;
- The expected leasing period for this equipment; and
- Counterparty risk expected.

Most of our capital expenditures are discretionary. As a result, our investment rate varies year by year.

We intend to continue to invest as we have in the past in new equipment as part of our third-party growth strategy.

1.1.9. Commitments received under non-cancellable operating leases

A substantial portion of our leasing fleet in all of our 3 activities is leased under lease agreements, the terms of which do not allow for termination at the option of the lessee without payment of penalties. This type of contract requires our lessees to keep the equipment for the duration of the contract; therefore, we have a certain degree of visibility on the minimum turnover generated in the future by this type of short-term and long-term contract.

Commitments received under operating leases are detailed in note 37.3 of the notes to the consolidated financial statements page 121 of the universal registration document.

1.1.10. Off-balance sheet commitments

Off-balance sheet commitments are detailed in the note 37.5 of the notes to the consolidated financial statements page 122 of the universal registration document.

1.1.11. Quantitative and qualitative information relating to market risks

Interest rate and exchange rate fluctuations linked to foreign currencies are the main source of exposure to market risks. They are detailed on note 34.1 page 116 of our audited consolidated financial statements for the year ended 31 December 2019.

1.1.12. Accounting policies and critical assessments

The preparation of our consolidated financial statements requires us to make judgements, assessments and assumptions regarding, in particular, future events that may have an impact on the carried forward amounts of certain items in the financial statements. These estimates and assessments are revised at each reporting date, and the underlying assumptions are adjusted, as appropriate, based on actual results, experience and any other relevant factors given the economic circumstances. The effects of such adjustments are recognised once carried out. Items carried forward in our consolidated financial statements in the future may differ from current estimates due to changes in assumptions and economic circumstances on the date of the report. Significant assumptions relating to future events and other sources of uncertainty in the assessments on the reporting date that could result in a significant risk of equipment adjustment in relation to the book value of assets and liabilities are presented below.

The note 1 of the notes to the consolidated financial statements page 79 of the universal registration document explains the accounting policies and critical assessments.

1.2. Foreseeable developments and outlooks

In a very uncertain economic environment in the short term, the TOUAX economic model focused on long-term leasing for sustainable transport (rail, river and Intermodal) remains resilient.

From a structural point of view, green transport will benefit from strong support from consumers and public authorities for the reduction of CO2 emissions, and significant investments are needed in freight railcars, river barges and containers to replace old fleets. The deregulation of rail freight and the trend towards outsourcing should continue to support investment in this type of asset.

As of the date of this press release, the COVID-19 pandemic has had no significant impact on the Group and its activities. 76% of leasing income budgeted in 2020 was already contractualised on 1 January 2020. To date, no delay has been recorded in the payment deadlines, no commercial contract has been broken and the prices for contract renewals have not decreased.

However, in this context of uncertainty and volatility linked to COVID-19, Touax remains extremely vigilant and is very precisely monitoring the evolutions of the epidemic as well as the exposure of its employees who work remotely, with the exception of the Modular Constructions factory in Morocco for which a fortnightly rotation of half the personnel has been organised. Specific workshops have been implemented for (i) team protection (ii) increased monitoring of the potential impact of the epidemic on our activities, (iii) compliance with our (business continuity commitments to our customers, (iv) stabilisation of supply chains, and (v) prudent management and monitoring of our cash flow. An additional presentation of the Group's outlook, presented at the SFAF meeting on 25 March 2020, is detailed in paragraph 24.4 of the universal registration document page 222 supplemented by paragraph 10.2 on the trends page 61.

1.3. Other Group information

- **Group's research and development activity**

During the 2019 financial year, no expenses were incurred in research and development.

- **Post-balance sheet events**

The COVID-19 coronavirus epidemic began in December 2019 in Wuhan, China. This epidemic then turned into a pandemic and spread to all regions of the world with the main outbreaks currently in the Middle East, in Europe and the United States of America. Significant health measures have been implemented by many countries to limit the spread of the virus: travel restrictions, compulsory quarantine periods for people from affected regions, closing of borders, confinement of populations, closing of shops other than those selling basic necessities, closing of hotels, theatres, public places, etc. These measures are causing major economic disruption with implications for international freight traffic and the financial health of many businesses. Such events could lead to the inability of group companies to lease equipment and the inability of group tenants to meet their leasing payment obligations to group companies, which, in turn, would have a significant adverse effect on the group's financial results.

- **Debt position of the Group**

The note 25 of the notes to the consolidated financial statements page 108 of the universal registration document sets out the Group's debt.

- **Description of the main risks**

The main risks at Group level are detailed in chapter 3 "Risk factors" of the universal registration document and in the notes to the consolidated financial statements note 34 of the notes to the consolidated financial statements page 116. Price, credit, liquidity and cash-flow risks, including the Group's use of financial instruments, are included in the risk factors, paragraph 3.5 of the universal registration document, page 32.

The note 34 of the notes to the consolidated financial statements on page 116 of the universal registration document details the company's financial risk management policy.

- **Identity of the owners of the share capital**

Natural or legal persons directly or indirectly holding more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights at general meetings, are mentioned in paragraph 16.1 page 69 of the universal registration document.

2. TOUAX SCA

TOUAX SCA is a holding company that advises its Group subsidiaries and also has a small real estate activity.

2.1. Situation of the company and analysis of the financial statements

- **Situation and results of the company and foreseeable developments**

The fall in revenues between 2018 and 2019 is explained by the termination of the “Transition Services Agreement” with TSM. These services were not maintained in 2019 and therefore no such services were billed during the year. As a reminder in 2018, the amount invoiced to TSM was €665k.

The "Other income" item includes €456k for the disposal price of properties carried out during the year. These assets were fully depreciated at the time of the sale, so the capital gain realised is therefore equal to the income from the sale.

The item “Other purchases and external charges” fell over the year by €390k. This decrease is mainly explained by the drop in fees (equalling €200k) and by the cost of renting offices (equalling €120k). Please note that during the financial year an amount of fees of €500k was spent within the scope of the WH project,

As a reminder, the item "Depreciation and amortisation" includes the amortisation of external borrowing costs, €467k for 2019 and this amount was € 542k in 2018.

- the financial profit/loss of -€6.7m is mainly due to the following elements:
- an interest charge on the external debt of -€7.8m,
- a positive net amount of €1.8m corresponding to the financial interest on inter-company loans/borrowings,
- a negative foreign exchange result (€/$) over the year of €0.8m. This exchange result includes €0.4m of exceptional loss resulting from a deficient currency hedging mechanism. A litigation is in progress between Touax SCA and the broker who was in charge of this currency hedging

The extraordinary profit/loss for the year includes 331 thousand euros, reversal of the provision for risks related to the disposal, in 2017, of Touax Solutions Modulaires SAS. This provision had been made at the previous closing. This litigation was closed during the financial year and Touax SCA paid the buyer an amount of €572,000 for the adjustment of the disposal price. This adjustment was recorded as extraordinary income for the year,

The positive amount of (€956k) corporate tax corresponds to the tax savings made over the year as a result of tax consolidation. This amount corresponds to the corporate tax paid by Touax Container Services SAS and Touax Rivers Barges SAS as if they had been taxed separately during the year, The after-tax profit for the year is a loss of €6.8m. As a reminder, the positive result achieved in 2018 was due to movements in provisions of a financial nature on inter-company receivables and equity securities. By neutralising this impact, the 2018 result would have been a loss of €5.1m.

There are no expenses and charges that are not deductible from profits over the financial year (articles 39-4 and 39-5 of the general tax code). There is a tax saving of 956,131 euros linked to fiscal consolidation.

The balance sheet of TOUAX SCA totalled €239.2m compared with €220.4m in 2018.

The balance sheet of the company at the end of the financial year is composed mainly of assets by:

- equity securities (TP) with a net book value of €73.8m. This amount of €73.8m takes into account at the end of the year a provision for depreciation of TP Touax Africa for €2.2m and Touax Corporate SAS for €2.5m€. These TPs are fully depreciated,
- intra-group loans granted by the company under the cash management agreement (CT share) for €63.6 million and under LT loan agreements for €90.8 million. This total amount of €154.4m includes a provision for depreciation of €10.5m on the loan granted to Touax Africa,

The liabilities on the company's balance sheet are mainly composed of:

- shareholders' equity for an amount of €35.6m,
- hybrid debt, classified as "Other shareholders' equity" for €50.8m,
- external financial debts for € 69.6m (Tokyo + €PP spot lines),
- intra-group debt in the context of LT agreements for €68.6m and in the context of a cash management agreement (CT) for €11.5m.

note 23 of the notes to the individual financial statements details the company's debt page 132 of the universal registration document.

The company does not have R&D business activities.

Since TOUAX SCA's activity is mainly a consultancy activity with its subsidiaries, the management does not anticipate any particular changes in services with a cost structure, for 2020 in line with 2019.

- **Results of the company during the last five financial years (individual financial statements)**

	(in euros)	**2019**	**2018**	2017	2016	2015
I	SHARE CAPITAL AT YEAR END					
	a) Share capital	56 092 376	56 092 376	56 092 376	56 092 376	47 070 256
	b) Number of existing ordinary shares	7 011 547	7 011 547	7 011 547	7 011 547	5 883 782
II	OPERATIONS ET RESULTATS DE L'EXERCICE					
	a) Revenues excluding taxes	1 348 876	2 074 125	2 728 725	2 225 640	4 853 416
	b) Profit/loss before tax and depreciation and provision	(7 530 227)	(4 444 624)	(2 737 281)	3 687 568	4 206 634
	c) Corporate Income tax	956 131	559 132	(701 574)	(284 899)	(150 144)
	d) Employee profit sharing for the financial year					
	e) Profit/loss after tax and depreciation and provisions	(6 815 095)	2 951 953	(26 705 880)	(28 919 621)	661 664
	f) Distributed profit/loss		-	-	-	2 938 264
III	PROFIT/LOSS BY SHARE					
	a) Profit/loss after tax but before depreciation and prov	-1,21	-0,71	-0,49	0,57	0,74
	b) profit/loss after tax and depreciation and provisions	-0,97	0,42	-3,81	-4,12	0,11
	c) net divident allocated to each share	-	-	-	-	0,5

- **Significant events and post-closure events**

On 21 June 2019 Touax SCA set up with an institutional investor a 40 million euro' senior secured end-of-term settlement' loan with a 5-year maturity. This financing enabled the extension of the average Group's debt maturity and is in line with the Group's growth and profitability strategy:

- on the one hand, the refinancing of the ORNANE with a nominal value of 23 million euros due July 10, 2020. The Group repaid 93% of the nominal value on 1 August 2019 corresponding to the exercise of the bearers' redemption option and will repay the balance of the bonds remaining in circulation in September 2019.

- and support for the implementation of a progressive investment plan.

TOUAX paid a coupon to the holders of Undated Super Subordinated Notes (TSSDI) for a value of 4 million euros in August 2019.

On 1 August 2019, Touax SCA completed a senior unsecured euro PP bond issue at a nominal amount of 10 million euros with a maturity date of 1 February 2025.

The proceeds of this issue will be used to finance the Group’s investments and increase the average debt maturity.

The success of these operations demonstrates the investors' confidence in the Group’s strategic focus on the rental of freight railcars, river barges and containers.

The COVID-19 coronavirus epidemic began in December 2019 in Wuhan, China. This epidemic then turned into a pandemic and spread to all regions of the world with the main outbreaks currently in the Middle East, in Europe and the United States of America. Significant health measures have been implemented by many countries to limit the spread of the virus: travel restrictions, compulsory quarantine periods for people from affected regions, closing of borders, confinement of populations, closing of shops other than those selling basic necessities, closing of hotels, theatres, public places, etc. These measures are causing major economic disruption with implications for international freight traffic and the financial health of many businesses. Such events could lead to the inability of the subsidiaries of TOUAX SCA to rent their equipment or the inability of the tenants of the subsidiaries of TOUAX SCA to meet their rental payment obligations to the company, which, in turn, could have a significant negative impact on the financial results of the subsidiaries of TOUAX SCA and could prevent them from paying their interest to TOUAXSCA, repaying their loans to TOUAX SCA or paying dividends to TOUAX SCA.

- **Main risks and uncertainties**

The main risks are detailed in chapter 3 (risk factors) of the universal registration document, more particularly in the paragraph 3.5 page 32 for rate, market and equity risks and other financial instruments, as well as in the notes to the consolidated financial statements note 34 page 116.

The note 26.4 of the notes to the individual financial statements page 134 mentions contingent liabilities.

- **Objectives and policy of hedging transactions**

The note 26.3 of the notes to the Individual financial statements page 134 details the hedging of foreign exchange and rate risks.

- **Activity of subsidiaries and controlled companies**

The activity of the subsidiaries is presented through each division. A general presentation of the activities is described in chapter 0 of the universal registration document, page 34 et seq. The activity of the subsidiaries is presented via each division, on the note 3 of the notes to the consolidated financial statements page 94.

The organisation chart for the company's main subsidiaries is detailed in the universal registration document in paragraph 6.1 of the universal registration document page 57.

2.2. Annual approval of the individual financial statements

- **Allocation of the profit (1st and 4th resolution)**

The Management submits to the next Ordinary General Meeting of 24 June 2020 the proposal for the allocation of the loss as well as the remuneration of the general partners on the issue premium, as follows:

Net loss for the financial year ending 31 December 2019	-6 815 096 €
Provision to the legal reserve	
Allocation of all the profit to balance carried forward	-6 815 096 €
Statutory remuneration of general partners deducted from the share premium	368 990 €

- **Dividend distribution policy**

The company implements a regular distribution policy. The company has paid a dividend almost non-stop since its inception in 1898, except in recent years. The dividend varies according to the Group's results. It has no set distribution rule, such as a fixed percentage of net income or of the quoted market price. The company does not anticipate a dividend payment in 2020.

A log of the distribution policy is presented in paragraph 2.2 page 167 of the universal registration document.

The dividend amounts distributed for the three previous years were as follows:

Financial year *(of euro)*	payment due date	Statutory remuneration of general partners	dividend by share	number of shares renumerated	Total of the distribution
2016	1 juillet 2017	441 448			441 448
TOTAL 2016					**441 448**
2017	1 juillet 2018	268 672			268 672
TOTAL 2017					**268 672**
2018	1 juillet 2019	256 970			256 970
TOTAL 2018					**256 970**

- **Regulated agreements (5th resolution)**

We present to you the status of the agreements referred to in articles L 225-38 et seq. of the French Commercial Code, concluded and duly authorised by the Supervisory Board of our Company. Those relevant people are Fabrice Walewski and Raphaël Walewski, managers of Touax SCA and managers and partners of SCI Franklin Location (with regard to SCI Franklin Location: until 30 October 2019 concerning Raphaël Walewski).

1) Sub-leasing agreement relating to commercial premises located at Tour Franklin in La Défense (the “Building”), authorised by the Supervisory Board on 11 September 2019 and concluded on 31 October 2019, between the Company and SCI Franklin Location.

The rented premises consist of:

(i) an office area of approximately 2,029 m², located on the 23rd floor of the Building, Lot No. 99

(ii) an archive area of approximately 265.8 m² located in the 7th basement of the Building, lots Nos. 18 and 19 as well as

(iii) the right to use 8 non-individualised parking spaces in the Wilson Sud car park.

The agreement is concluded under the following conditions:

The sublease is granted and accepted for an initial annual rent excluding taxes and charges broken down as follows:

For the office space: €390 excl. VAT/year/m², i.e. seven hundred and ninety-one thousand three hundred and ten euros excluding taxes and charges (€791,310 excl. taxes and charges)

For the premises used for archives: €195 excl. VAT/year/m², i.e. fifty-one thousand eight hundred and thirty-one euros excluding taxes and charges (€51,831 excl. taxes and charges);

Parking spaces: 1,500 excl.VAT and charges/year/parking space, i.e. twelve thousand euros excluding taxes and charges (€12,000 excl. taxes and charges) for the eight (8) parking spaces;

A TOTAL OF: EIGHT HUNDRED AND FIFTY FIVE THOUSAND HUNDRED FORTY AND ONE EURO EXCLUDING TAXES AND EXCLUDING CHARGES (€855,141 excl. taxes and charges).

The sublease is granted and accepted for a period of nine (9) full and consecutive years, including three (3) firm years, starting on 25 March 2020 and expiring on 24 March 2029.

These commercial premises serve as the headquarters of all the French entities of the Touax Group and accommodate around one hundred Group employees.

2) We are advising you of the continuation of the sublease agreement dating from 25 March 2011 until 24 March 2020 and relating to the rental by TOUAX SCA of commercial premises located at Tour Franklin in La Défense, as this agreement has been modified:

- by endorsement dated 1 September 2015 with effect from 1 October 2015 then
- by endorsement dated 21 June 2017 with effect from 1 July 2017.

This last authorisation was given by the Supervisory Board on 29 March 2017. The modifications to the lease relate to the reduction in the rented area and the fall in rents, and these modifications were motivated by a concern to make savings and reduce head office costs.

The amount of rents and charges excluding taxes recorded in the 2019 accounts is 839,833 euros between 1 January and 31 December 2019.

You are asked to approve the special report from the statutory auditors.

2.3. Main features of the internal control and risk management procedures

The internal control procedure is defined and implemented by the company, and aims to ensure:

- compliance with applicable laws and regulations,
- application of instructions and business policies set by General Management,

- that its internal processes work properly, particularly those that concern the preservation and security of its assets,
- that financial information is reliable.

And more generally, internal control is a system that helps to control its businesses and enhances the efficiency of its operations and use of its resources. The Group applies the guidelines for mid caps and small caps published by the AMF in July 2010.

The company's internal control procedures are intended to ensure that:

- the administrative acts, performance of operations and behaviour of the staff comply with the company's business policies defined by the corporate bodies, applicable laws and regulations, and the values, standards and internal procedures of the company,
- the accounting, financial and management information communicated to the corporate bodies gives a true and fair view of the company's activity and situation,
- The procedures ensure compliance with management policies, the preservation and security of assets, prevention and detection of fraud and errors, the reality and exhaustiveness of accounting records, and the establishing of reliable accounting and financial information within the time allowed.

The company's internal control system cannot however completely guarantee that the objectives set will be achieved, since no procedure is infallible.

2.3.1 The fundamental elements of internal control

- **The organisation of the Group**

The TOUAX Group is organised around three operational divisions (Freight Railcars, River Barges and Shipping Containers) to which the Group's operating entities are attached as well as a residual stake of Modular Buildings in Africa.

The management of the operating divisions is in charge, across its perimeter, of the management of the operations within the framework of the strategic objectives set by the Group Management and reviewed by the Group's management committee. The Group's Executive Committee is made up of 8 people and is described in paragraph (iii) of the report of the Supervisory Board page 199 of the universal registration document.

The functional departments of the Group bring their expertise to the operational departments and assist the General Management in the definition of the standards and the principles and the control of their application. The functional departments of the Group include the Legal Department (including financial communication, corporate social responsibility and Group insurance), the Accounting and Tax Department (in charge of statutory compliance and statutory accounting), the Consolidation Department (in charge of reporting and international economic accounting compliance), the Finance and Treasury Department, the Information Systems Department - with these divisions being grouped together within the General Administration and Finance Department - as well as the Human Resources Department and the General Asset Management Department.

The Internal Control and Internal Audit system is based on this organisation and covers the processes of fully-consolidated entities and entities accounted for by the equity method. The system of internal control put in place by the Group is appropriate for its size.

- **The main components of internal control**

The main internal control policies are determined according to the company's objectives. The Group's objectives are defined by the Managing Partners. They concern not only its economic performance but also the areas in which the Group aims to achieve a particular level of excellence. These objectives are specified for each entity and are clearly explained to the employees so that they understand and adhere to the organization's risk and control policy.

The Group's internal control and risk management systems are structured around this three-tier organisation - holding, operational divisions and operational entities - where each level is directly involved and accountable in line with the degree of centralisation decided by General Management.

The main components of internal control are (i) the control environment, (ii) risk management, (iii) internal control activities and regulations, and (iv) management and reporting activities. Ongoing monitoring of the system is carried out around the governance of the activities described above.

2.3.2 The control environment

- **Values and ethics**

The Group's control environment relies first and foremost on the Group's Ethical Charter, which, in addition to safety, guides our actions and our daily choices, beyond the Group's values, as a responsible employee, as a responsible company, and as a responsible manager. Our values are formalised on our website and the Ethical Charter is formalised in a guide distributed to all employees. Respect for our values and our ethics develops and maintains our trusting relationships within the Group between all employees and all the Group's stakeholders.

- **Structure of internal control and responsibilities**

The structure of internal control is based on three levels:

- (1) operational management, responsible for the implementation of internal control;
- (2) support functions (such as Finance, Legal, Human Resources, etc.) which prescribe the internal control systems, monitor their implementation and effectiveness, assist the operational staff ; and
- (3) governance bodies that oversee the review and effectiveness of the control system through activity committees, *Board meetings* for the activities and *Board meetings* for the companies.
  - **Players involved in internal control**

Internal control concerns everyone within the company, from the management bodies to each member of staff. The players involved in internal control are described below:

- **Management Board**

The Management Board defines, promotes and supervises the internal control system that is the best suited to the Group's situation and business.

In this connection, the Managing Partners keep themselves regularly informed of any malfunctions, inadequacies or implementation difficulties and ensure that the necessary corrective action is taken.

The management informs the Supervisory Board of any important points.

- **Supervisory Board**

It is the responsibility of management to give an account to the Board of the essential features of the internal control system.

The Supervisory Board may use its general powers to carry out the controls and checks that it considers fit, and to take any other action it considers appropriate in this respect.

Within the Supervisory Board, an audit committee has been set up, which monitors the process of preparing financial information, monitors the effectiveness of the company's internal control and risk management systems, the monitoring of the statutory audit of the annual accounts and consolidated accounts and the review and monitoring of the independence of the statutory auditors. The Audit Committee reports on its work to the Supervisory Board.

- **Operational divisions**

The operational divisions are wholly responsible for the use of the system within their remit and its proper functioning. The functioning and effectiveness of the internal control system are assessed by the financial controllers of each division on the basis of requests made by management as well as during the periodic review of companies and activities within the various governance bodies with mainly the monthly review of accounts, the monthly review of cash flow forecasts, half-yearly or quarterly *board meetings*, half-yearly *board meetings* for the activities and half-yearly supervisory board for the activities.

- **The Group's employees**

All employees have the knowledge and information required for setting up, operating and monitoring the internal control system at their level of responsibility, according to the targets they are set.

In particular, the Group's Human Resources policy aims to ensure that employees' skills are properly aligned with their roles. Job descriptions within the different entities of the Group specify the skills and expertise required to enable employees to carry out their responsibilities effectively. In addition, the Human Resources Department regularly organises and updates policies to improve these skills through training, evaluation and staff retention policies (individual annual interviews, training programs, remuneration policies and careers management).

2.3.3 Risk control activities

The risk in the company is that of not achieving the objectives set. For the implementation of its strategy, the General Management defines the objectives in terms of operational fulfilment, reporting and compliance that are applied at the different levels of the organisation.

The operational objectives emphasise the definition and efficient use of human, material and financial resources. They are formalised most notably during the forecasting exercises (budget and periodic forecasting) and the long-term plan (business plan). They are regularly monitored as part of the self-assessment process. Monitoring of operational objectives (financial and non-financial) enables decision-making and monitoring of the performance of activities at each level of the organization. Risk management aims to identify and limit risks to the company's assets, resources, personnel, continued existence, profitability, reputation and its values in the broad sense of the term. The risk management activities are implemented on a daily basis by all members of staff, while performing their duties. The Administrative and Financial Department is responsible for managing the overall risk management and control system, in particular the monitoring of financial risks as well as those related to the preparation and processing of financial and accounting information.

To ensure better monitoring of financial and accounting risks, the Administrative and Financial Department relies on a number of functional departments (Legal and Financial Communication, Finance and Treasury, Consolidation, Reporting, Accounting and Taxation, Information Systems) and its operational finance departments (one per activity). The operational finance departments all have a twofold relationship with the Chief Executive Officer of the division and the Group's Chief Financial Officer. The financial departments of the subsidiaries also have a twofold connection with the CFO of the division and the general manager of the subsidiary.

This organisation combines business expertise and technical expertise to better assess risks and limit conflicts of interest.

These risks are identified in chapter 3 (Risk factors) page 25 of the registration document. One or more of these risks, or other risks not yet identified or considered as immaterial by TOUAX, could have an adverse effect on the its business, financial situation, profits or share price.

- **Financial risks**

The financial risks are market risks (interest rate and foreign exchange risks), liquidity and/or counterparty risk, and equity risk. They are described in paragraph 3.5 of the universal registration document (risk factors) on page 32.

Financial risk management is an integral part of the Group's financial management. All the financial files are supervised centrally by the Finance and Treasury Department, with support, in particular, from a financing plan, a monthly cash flow statement and a daily cash flow forecast. This information is reviewed on a monthly basis by the Group's Executive Committee.

The aim of the Administration and Finance Department is to rapidly produce accounting and financial information that is reliable and pertinent, pass on this information, monitor risk, in particular financial, operational and counterparty risks, put in place administrative, accounting and financial procedures, provide legal and fiscal monitoring of the Group, consolidate the accounts and respect the applicable rules and the accounting standards and implement the Group's financial policy and provide cash management.

- **Currency**

Responsibility for monitoring risks is delegated to the various operational and functional departments who implement this risk management at operational level. The operational and functional departments are accountable for the risks inherent in their businesses and give an account to General Management of these risks and the action plans put in place to reduce their exposure. Two functional divisions also exist to better assess the procedures and risks of activities; the human resources department and the information systems department. The Group's Administrative and Financial Department is involved in the management and control of these other risks.

2.3.4 Steering and reporting activities

- **Internal control procedures**

Internal control is based on formalized procedures, the information systems, and the competence and training of the staff.

The main procedures in force at Group level concern, in financial areas, asset tracking, investments, financing and treasury, budgetary control and financial reporting.

In the operational areas, these procedures mainly concern directives, regulations or recommendations in the fields of health, general safety, industrial safety and IT, environment, sustainable development, integrity and the prevention of fraud and corruption.

In terms of operating entities, control activities are organised around the main operational cycles of leasing and sales, purchases, investments, production, fixed assets and inventories, human resources, financing and cash, as well as the process of closing the accounts.

Among other things, operational financial services are responsible for the follow-up of administrative and accounting procedures and the periodic reporting of financial information. The role of the financial departments is part of a process of continuous improvement of internal control and mainly involves reviewing the procedures in place, checking the implementation of the Group's internal control standards and recommending improvements for reducing risks.

- **Procedures for preparing and processing financial and accounting information**

Administrative and accounting procedures are in place to ensure that transactions recorded in the annual accounts meet the objectives regarding their true and fair nature. These procedures, which are integrated into internal control, are based on:

- an integrated management and accounting system (with the use of a reporting package with uniform accounting methods approved by the consolidation department),
- a segregation of duties (in so far as the department and company size allows),
- supervision and control by the functional departments and general management.

All financial and accounting information is reported each month to the Consolidation Department, which checks in detail the flows and the methods used. Activity management control activities verify the consistency of the data and provide monitoring. The Consolidation Department then carries out monthly economic consolidation of the results and a full consolidation according to IFRS standards every quarter. These accounts are reviewed by the Group's General Management.

Monthly monitoring of the results and commitments of the subsidiaries and the Group enables General Management to check the financial effects of the business strategies pursued, and to compare the results with the Group’s budgetary commitments and objectives.

The consolidated financial statements are produced on the basis of consistent accounting standards within a supervised process.

The consistency of the standards is ensured by the Consolidation Department, which supervises and centralises the interpretation and dissemination of the applicable accounting standards and ensures their effective implementation through a regular and formalised communication process with the financial managers of the subsidiaries and divisions.

The process of closing the accounts is governed by consistent monthly financial reporting and a closing schedule shared by all subsidiaries. This reporting and the consolidated financial statements use an identical framework and standards. Financial reporting and individual accounts are systematically analysed for discrepancies. Off-balance sheet commitments are part of this process. The closing process also relies on the formalisation of economic assumptions, judgements, estimates, processing of complex accounting transactions, centralised and supervised by the Consolidation Department, the General Administration and Accounting Department and General Management.

The procedures put in place for reporting, consolidation and budgetary monitoring are also aimed at ensuring the aggregation of the other information necessary for drawing up the registration document.

- **Assessment of internal control**

Internal control procedures and those related to the drawing up of accounting and financial data are continually identified, assessed and managed and did not change significantly in 2019. Internal control is currently assessed by the various reviews of the Group's and subsidiaries' financial statements conducted at internal meetings addressing each of the activities and the Audit Committee.

2.4. Social and environmental information

The TOUAX Group publishes social, environmental and corporate (CSR) information in paragraph 22.2 page 175.

This report describes how TOUAX takes into account the social and environmental consequences of its activity, including the impact of its activity and use of the goods and services it produces on climate change, as well as its commitments for sustainable development, the circular economy, the fight against food waste and combating discrimination and promoting diversity.

2.5. Other information

- **Cross stockholding and ownership**

There is no cross-stockholding (holding of securities of TOUAX SCA by its subsidiaries). The Group's simplified organisation chart is explained in paragraph 6.1 of the registration document page 57 and the exhaustive list of consolidated subsidiaries is presented in the note 2.2 of the notes to the consolidated financial statements page 93.

- **Share buyback program and treasury shares**

The Group has made purchases and sales of its own shares through its liquidity contract managed by an investment services provider (ISP), resulting from the share buy-back program voted by the Combined General Meeting of 24 June 2019. On 31 December 2019, the company held 9,205 of its own shares. A detailed history of the treasury shares held by TOUAX is provided in paragraph 16.1 of the universal registration document page 69.

- **Status of employee participation in the company's share capital on 31 December 2019**

There is no employee participation in the company's share capital as of 31 December 2019, as TOUAX has not implemented any of the employee share ownership plans provided for by the texts. The company does not have a stock option or a free share allocation scheme.

- **Payment period of the company**

In the following table, we present the breakdown on 31 December 2019 (it being specified that these are only non-group receivables).

in euros	Invoices **received** and outstanding at the financial year end which are due						Invoices **issued** and outstanding at the financial year end which are due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day and above)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day and above)
Late payment bracket												
Number of invoices concerned		3			7	10		3	1	1	5	10
Total amount of invoices concerned (specify with or without VAT)		20 334,27 €			1 738,66 €	22 072,93 €		3 349,96 €	519,60 €	519,60 €	2 537,40 €	6 926,56 €
Percentage of the total amount of the purchases for the year (specify with or without VAT)		0,93%	0,00%	0,00%	0,08%	1,01%						
Percentage of revenue for the financial year (specify with or without VAT)									0,67%	0,67%	3,28%	8,95%

Securities transactions carried out by officers, senior executives or persons to whom they are closely related as well as general partners

To the Company's knowledge, in 2019, there were no securities transactions.

Adjustment of the conversion bases of the securities giving access to the share capital

On 21 June 2019 Touax SCA set up with an institutional investor a 40 million euro' senior secured end-of-term settlement' loan with a 5-year maturity. This financing enabled the extension of the average Group's debt maturity and is in line with the Group's growth and profitability strategy, in particular the refinancing of the ORNANE with a nominal value of 23 million euros due July 10, 2020. The Group repaid 93% of the nominal value on 1 August 2019 corresponding to the exercise of the bearers' redemption option and will repay the balance of the bonds remaining in circulation in September 2019.

Acquiring significant stakes in companies with head offices in France

None

Existing branches

None

Operating a classified facility

None

Amount of loans granted to micro-enterprises, SMEs or middle-market companies

None

Injunctions or sanctions for anti-competitive practices

None

2.6. Information on other ordinary resolutions submitted to the vote of the shareholders

- **Approval of the remuneration policy for corporate officers (6th and 7th resolutions)**

In application of the provisions of Article L. 226-8-1 II of the Commercial Code, the Managers ask that with the vote on the 6th and 7th resolutions, you approve the remuneration policy for corporate officers applicable to Managing Partners (6th resolution) and to members of the Supervisory Board (7th resolution). The remuneration policy for the Managing Partners is in accordance with the articles of association.

The remuneration policy for Touax SCA's corporate officers is described in the Supervisory Board's report on company 'governance.

- **Approval of information relating to all the remuneration of corporate officers for the financial year ended 31 December 2019 (8th resolution)**

In application of the provisions of article L. 226-8-2 I of the French Commercial Code, you are asked, by the vote on the 8th resolution, to approve the information mentioned in Article L. 225-37-3 I of the French Commercial Code relating to all remuneration of corporate officers, including corporate officers whose terms have ended and those newly appointed during the course of the past financial year, described in the Supervisory Board's report on company governance.

- **Approval of the elements of individual remuneration paid or awarded to the executive corporate officers for the year ended 31 December 2019 (9th, 10th and 11th resolutions)**

In application of the provisions of article L. 226-8-2 II of the French Commercial Code, you are asked, with the vote on the 9th, 10th and 11th resolutions, to approve the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid during the financial year ended 31 December 2019 or allocated for the same financial year to executive corporate officers.

The remuneration elements relate to the Managers, Messrs. Fabrice and Raphaël Colonna Walewski, and to the Chairman of the Supervisory Board, Mr. Alexandre Colonna Walewski.

These elements are described in the Supervisory Board's report on company governance.

- **Determination of the remuneration of the members of the Supervisory Board (12th resolution)**

We propose that you allocate attendance fees to the members of the Supervisory Board for a total of €63,000.

- **Renewal of two terms of office of members of the Supervisory Board (13th et 14th resolutions)**

The company's Supervisory Board is currently made up of 6 members (3 men and 3 women). The term of office of the members is 3 years. You are invited to renew the terms of the following 2 members as follows:

- Mr Jérôme BETHBEZE	Duration of 3 years, namely until the Annual General Meeting called to approve the financial statements for 2022
- Mr François SOULET de BRUGIERE	Duration of 3 years, namely until the Annual General Meeting called to approve the financial statements for 2022

A detailed presentation of these 2 members whose terms of office you are asked to renew is given in paragraph 23.2 page 195 of the report from the Supervisory Board.

It is stated that, in accordance with the law, the General Partners who are shareholders cannot take part in the vote to renew the terms of office of the members of the Supervisory Board.

- **Renewal of the authorisation of a share buyback scheme (15th resolution)**

We propose that you renew the scheme to authorise the share buyback scheme in our company.

It should be noted that this scheme only concerns TOUAX shares listed for trading on Compartment C of the NYSE Euronext Paris regulated market under the code ISIN FR0000033003.

The previous share buyback scheme was authorised by the Ordinary General Meeting of 24 June 2019 and has been reported half-yearly to the AMF. The purpose of the scheme was to:

- carry out market making and ensure the liquidity of the TOUAX SCA share through a liquidity agreement with an investment services provider, in accordance with the Code of Practice recognised by the French Financial Markets Authority (Autorité des Marchés Financiers AMF);
- grant stock options and/or allot bonus shares to employees and managers of the company and/or of TOUAX Group companies;
- grant coverage for securities that entitle the holder to receive shares in the partnership under the regulations currently in force;
- keep the shares bought, and use them later for trading or as payment in possible corporate acquisitions, though the shares acquired for this purpose may not exceed 5 % of the share capital;
- proceed to their cancellation.

The scheme was set up for the sole purpose of conducting transactions so as to enhance activity and liquidity in the market for the shares. These purchase and sale transactions were carried out via a liquidity agreement concluded on 17 October 2005 and its additional clause on 19 December 2018, in accordance with the code of ethics approved by the AMF, with the investment services provider GILBERT DUPONT.

On 31 December 2019 the company held 9,205 of its own shares, it being stated that during the 2019 financial year it bought 134,479 shares and sold 138,539 shares under the liquidity agreement, the sole purpose of which was market making and ensuring the liquidity of the TOUAX share.

The average purchase price stood at €5.01 and the average price was €5.04. As this is a liquidity contract, there is no transaction fee.

The par value of the shares held on 31 December 2019 equals €8.

The transactions are summarized in the following table:

Statement by TOUAX SCA of the transactions carried out on its own shares as of 29 February 2020	
Percentage of capital directly or indirectly held by Touax SCA	0,18%
Number of shares cancelled during the last 24 months:	
Number of securities held in portfolio:	12 923
Book value of portfolio (€)	54 535,06€
Market value of portfolio (€)	38 016,27€

TOUAX has not used derivatives in connection with its previous share buyback scheme.

The renewal of this scheme is in line with articles L. 225-209 of the French Commercial Code and will be submitted to the Annual General Meeting of shareholders on 24 June 2020.

Our company wants to implement this share buyback scheme with the same aims as those adopted by the Annual General Meeting of 24 June 2019.

Regarding the aim of managing the share price, the company's shares will be bought on its behalf by an investment services provider acting under a liquidity agreement and in accordance with the code of ethics approved by the French Financial Markets Authority (Autorité des Marchés Financiers AMF).

These shares may be acquired, sold, transferred or exchanged on one or more occasions, by any means including, where appropriate, by private agreement, block sale of holdings or the use of derivatives. These transactions may be carried out at any time, including during a takeover bid, subject to the regulations in force.

The program concerns the possibility of buying back a maximum of 10 % of the capital stock under the following conditions:

• Maximum purchase price per share: €25

• Maximum amount: €17,528,867

• Length of the scheme: 18 months from the authorisation granted by the Ordinary General Meeting of 24 June 2020, i.e. until 23 December 2021.

We ask you to approve the draft resolutions which are submitted for your approval.

La Défense, 24 March 2020

Fabrice and Raphaël WALEWSKI

Managing Partners

22.2. REPORT ON CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

TOUAX publishes non-financial information (quantitative and qualitative) of a social, environmental and corporate nature in its management report (excluding all other media).

1. Social information

(i) Employment

- **Total workforce and breakdown of employees by gender, age and geographic zone**

The Group's workforce includes 237 employees worldwide as of 31 December 2019, a reduction of 10% in the workforce compared to 2018 due to the sale of our modular activities in Algeria.

The breakdown in employees by geographic location and by activity on 31 December 2019 is as follows:

	Freigh railcars		River barges		Shipping containers		Modular buildings		Central services		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Europe	61	59	9	9	20	22		1	24	23	114	114
Asia					11	12					11	12
Africa							103	126			103	126
Americas					6	7			3	3	9	10
TOTAL	**61**	**59**	**9**	**9**	**37**	**41**	**103**	**127**	**27**	**26**	**237**	**262**

Across the average workforce in 2019, 28% are located in France, 20% elsewhere in Europe, 44% in Africa, 4% in N & S America and 4% in Asia.

Geographical area	**2019**	**2018**
France	28%	24%
International	72%	76%
Distribution by gender	**2019**	**2018**
Men	69%	73%
Women	31%	27%
Distribution by category	**2019**	**2018**
Managers	23%	19%
Employees	77%	81%
Age pyramid	**2019**	**2018**
Under 26	3%	5%
from 26 to 40	31%	36%
from 41 to 50	37%	36%
51 and over	28%	24%
Years of service	**2019**	**2018**
less than one year	13%	26%
between 1 and 5 years	38%	30%
between 6 and 10 years	25%	21%
more than 10 years	24%	23%
Contract type	**2019**	**2018**
No. of employees with a fixed-term contract	0%	13%
No. of employees with a permanent contract	100%	87%

Seniority fell slightly in 2019 following the reorganisation plan for Rail, which allowed the recruitment of many people in France and Germany in 2018.

Appointments and dismissals

There were the following appointments and departures in 2019:

	2019	2018
Total number of departures during the year	40	63
- whose reason is dismissal	2	22
Total number of entries during the year	38	65
Turnover in %	27%	25%

There has been a sharp drop in dismissals, with 2018 being marked by the reorganisation of the Rail activity.

The Group applies a recruitment procedure, whose main objectives are:

- To define recruitment needs as accurately as possible in terms of level, qualifications, skills, experience, etc. in order to match the candidate with the position to be fulfilled,
- To validate the expense commitment,
- To clarify the roles of each participant, the resources to be implemented and the recruitment process.

This procedure concerns all recruitment (permanent, fixed-term, temporary and trainees), both for France and internationally.

The various recruitment stages at TOUAX are:

- The definition of the desired profile,
- Verification of the allocated budget,
- Search for candidates,
- The selection of the candidate,
- The drawing up of the employment contract,
- Welcome and integration of the employee.

Salaries and salary rises

As of 31 December 2019, the Group's personnel costs represented 15,825,794 euros, a fairly small change compared to personnel costs in 2018 which amounted to 15,930,656 euros.

In France, the reorganisation of the Railcar business, involving the recruitment of a large number of people, partly boosted average gross wages.

Average remuneration in Euros (gross wages)	2019	2018
Geographic breakdown		
- France	64,977	65,206
- Outside of France	36,355	36,986
Breakdown by category		
- Managers	94,998	99,570
- Employees	28,676	27,264

(ii) Organisation of work

Organisation of working hours

On 31 December 2019, 2% of the Group's employees worked part time.

Working hours are organised differently depending on the country. The French entities can be distinguished from the rest of the world.

In France, the working hours are displayed and are visible on the compulsory notice board. The reference working hours within the TOUAX economic and social unit (such as the ESU is defined in paragraph below) are as follows:

- Monday to Thursday: 8:45 AM to 12 noon and 1:15 PM to 5:45 PM, with a 75-minute lunch break,
- Friday: 8:45 AM to 12 noon and 1:15 PM to 4:15 PM, with a 75-minute lunch break.

The working week comprises 37.25 hours (37 hours and 15 minutes). The difference between the working hours of 37 hours and 15 minutes and the legal limit of 35 working hours is offset by days' leave for the reduction of working hours.

In 2019, there were 14 days off in lieu for all employees of TOUAX UES subject or not subject to a fixed-day contract.

For our foreign entities, a 40-hour working week generally applies. Each subsidiary has the autonomy and flexibility to set its reference schedule according to its own constraints and the culture of each country and for some countries these regulations are given in the Internal Rules signed in partnership with staff representatives. For the others, this is provided within work contracts.

Absenteeism

The total rate of absenteeism for the TOUAX Group was 2.40% in 2019, representing a total of 788 working days of absence.

The following table gives a breakdown of days of absence by grounds:

Reasons for absence in detail	2019
Maternity	112
Sickness	572
Accident at work (including commuting accident)	1
Authorised absences (family events, sick children)	103

(iii) Labour relations

- **Organisation of social dialogue, in particular procedures for informing and consulting employees and negotiating with them**

  - Organisation of social dialogue in France

The Economic and Social Unit (ESU) has a Social and Economic Committee (SEC) comprising of 2 elected staff representatives.

The staff representatives are informed and consulted, on an ad hoc basis and periodically (according to a projected schedule), in particular concerning the organization and running of the company, the workforce, working time and training.

Minutes are drawn up at the end of each meeting of the Social and Economic Committee and passed on to all employees of the economic and social unit.

These representatives attend Social and Economic Committees with General Management. The main topics dealt with are social issues concerning the company, such as private health insurance or the organisation of working time.

  - Organization of social dialogue in our foreign entities

Strictly speaking, the organization of social dialogue is not as structured abroad as it is in France, particularly since local labour law does not require companies to set up specific structures.

Our entity in Morocco (TOUAX Morocco) is nevertheless different from the other foreign entities. It has 4 staff representatives elected by all employees. Elections are held every 6 years, supervised by the Senior Management and the labour inspectorate.

In general, social dialogue takes place at individual and/or collective meetings between the employees and the management.

- **Assessment of the collective agreements**

No collective agreement was signed by the French and foreign entities of TOUAX in 2019.

(iv) Health and safety

- **Health and safety conditions at work**

  - Health and safety conditions at work in France

The role of the CSE is to help to protect the physical and mental health and the safety of workers, and to improve their working conditions. It can propose preventive measures and seek the assistance of an expert in certain circumstances. It should be noted that at the head office of the French entities, all of which are located in the Tour Franklin, the company doctor, the head of safety in the Tour Franklin, the labour inspector and the representative of the regional health insurance fund (CRAMIF) are invited to these meetings.

The TOUAX Group meets its legal obligations regarding health and safety at work, for example:
- By updating the single document,
- By planning medical examinations for employees.

In addition to its legal obligations, for several years the Group has implemented initiatives concerning emergency aid by training certain employees as First Aid Officers. This training includes learning how to use defibrillator devices.

Finally, in order to increase awareness among travelling employees, the Driver's Charter has been updated and it is signed by each new employee concerned.

  - Health and safety conditions at work outside France

The size of the structure and the activity of the entities often determine the level of requirements for health and safety at work. The Modular Buildings business located in Morocco will therefore have higher requirements than other entities.

- **Assessment of the agreements signed with the trade unions or staff representatives regarding health and safety at work**

  - Assessment of the agreements signed in France and abroad

No agreements concerning health and safety at work were signed by TOUAX in France and its foreign entities in 2019.

- **Industrial accidents, in particular their frequency and seriousness, and occupational illness**

In 2019, the only reported commuting accident did not result in a work stoppage.

(v) Training

- **Training policies implemented**

  - The policy implemented at Group level

In 2019, the Group implemented Strategic Workforce Planning As such, a projection to 2023 was made in order to understand the skills needs linked to the expectations of our customers and our markets. In this regard, strategic skills development guidelines have been determined and compulsory training actions are being organised from 2020.

A Digital Learning platform is being put into service from January 2020 to support these development objectives.

  - Policies implemented in France

In response to the legislation in force in France, the training interview has been replaced by the "professional interview" which is a meeting between the employee and their manager dedicated to career development prospects, particularly in terms of qualifications and employment. This interview is not about evaluating the employee's work.

  - Policies implemented abroad

In general, there is no common training policy. Each entity has the power to manage its own training budget. The two main types are:

- compulsory training imposed by local regulations in particular regarding safety at work,
- training aimed at developing employees' skills approved by local management during an interview between the employee and their line manager.

The human resources procedures at our companies in Morocco are more formalized than in the other foreign entities. An annual training plan to improve skills is drawn up in January and submitted to the training office by April 30 each year at the latest.

In Ireland, the United States, Singapore and Hong Kong, a comprehensive training plan continues to provide training to a number of our employees. In addition, TOUAX wants to implement and coordinate a Group training policy group by collecting data in order to establish a consolidation.

- **Total number of training hours**

In 2019, the TOUAX Group spent €27,779 on training courses at global level, representing 704 training hours. The Group trained 51 employees during the year, equal to 21% of the average workforce during the year. Significant cost optimisation was implemented to optimise the plan. In addition, particular emphasis was placed on safety training.

(vi) Equal treatment

- **Measures taken to promote equality between men and women**

Of the Group's total workforce as of 31 December 2019, 31% are women. Of the total number of managers, 32% are women.

- **Measures taken to promote the employment and integration of disabled workers**

The Group encourages the employment of disabled workers through partnerships with recruitment agencies that specialise in placing workers with disabilities as well as the purchase of certain supplies and services from the E.S.A.T (Etablissements et Services d'Aide par le Travail).

The Group continues to pay all of its apprenticeship tax to schools that specialising in special needs education and continues to promote the integration of workers with a disability as far as possible. Since 2007 in France, TOUAX has chosen to pay most of the apprenticeship tax to the following training centres that specialise in the integration of people with a disability into working life: Institut Medico Professionnel de Morhange (57), Institut Medico Educatif Andre Beule de Nogent Le Rotrou (28), IME Leonce Malecot De Saint Cloud Saint Cloud (92), Institut National Des Jeunes Sourds de Paris (75).

- **Anti-discrimination policy**

All TOUAX Group companies respect local regulations regarding discrimination and comply with the law.

In 2011, the Group introduced an ethical charter which was given to all French employees and translated and passed on to all foreign entities. The charter has a section that deals with the issue of "respect for employees and industrial relations".

It is specified that all employees must "refrain from all forms of discrimination in particular on the grounds of sex, handicap, marital status, sexual orientation, age, political opinion, religious beliefs, trade union activity or race...". It is also specified that "these commitments apply at the time of recruitment, but also to all decisions regarding training, promotion, continuation in employment and working conditions".

This charter makes it possible to increase employees' awareness of discriminatory practices and prevent as far as possible this type of inappropriate behaviour. It should be noted that, due to its international nature, the Group welcomes numerous different cultures and nationalities within the various French entities.

In addition, a charter specifically dedicated to the prevention of discrimination has been promulgated to reinforce the ethical charter. It contains precise definitions on the subject of discrimination at work and indicates a process for escalating complaints on this subject.

(vii) Promotion of and respect for the fundamental conventions of the International Labour Organization

- **Respect for freedom of association and the right to collective bargaining**

The TOUAX Group respects the principles of freedom of association and the right to collective bargaining.

Furthermore, the ethical charter specifies that all employees must "refrain from all forms of discrimination on the grounds of trade union activity" and that "these commitments apply at the time of recruitment, but also to all decisions regarding training, promotion, continuation in employment and working conditions".

- **Elimination of discrimination regarding employment and profession**

The ethical charter has a section presenting the anti-discrimination policy

- **Elimination of forced or compulsory labour and effective abolition of child labour**

The ethical charter does not expressly deal with this issue, but does deal with the choice and fair treatment of suppliers. All employees must "be extremely vigilant with regard to suppliers that do not respect the Group's ethics, the labour laws in force in the countries concerned, or the health, safety and environmental protection regulations".

The TOUAX Group informs its employees of the ethical issues involved when choosing suppliers.

(viii) Appendix to the corporate information

Methodological note

The employment section contains qualitative and quantitative information. A matrix developed in house is sent by the Human Resources Department every year to each person identified within each business activity in order to obtain the data that appears in the report. This information is then supplemented by interviews.

- Note concerning calculation of the workforce

This includes all employees who have a fixed-term or permanent employment contract with the TOUAX Group on 31 December 2019. It therefore also includes employees whose employment contract has been suspended (paid leave, sickness, maternity leave, parental leave, sabbatical leave, individual training leave etc.) and apprentices who receive a pay slip. Expatriates are included in the workforce of the company where their mission is performed on the basis of the local contract. Temporary workers and interns are not included in the calculation of the workforce.

- Group scope of consolidation applied

The scope of consolidation for the corporate information includes all TOUAX Group's consolidation entities that employ staff. This includes the following entities:

ACTIVITY	SOCIETES
Containers	Touax Container Services
	Gold Container Corp.
	Touax Container Leasing Pte Ltd
Modular buildings	Touax Africa
	Touax Industrie Modulaire Algérie
	Touax Maroc et Ramco
River barges	Touax River Barges
	Eurobulk Transport Maatschappij BV
Freight railcars	Touax Corporate
	Touax Rail Limited
central services	Touax Corporate
	Touax UK Ltd

The scope of consolidation for corporate indicators therefore includes the entire workforce of the TOUAX Group.

The scope of consolidation is reviewed and updated after each internal or external growth operation communicated by the management.

For some indicators, the data was not available for all subsidiaries. The scope of consolidation for each indicator is specified in the following section, "Coverage rate of the indicators published".

- Note concerning the idea of the "manager" and "employee" categories

We have decided to introduce manager and employee categories throughout the Group.

According to the definition adopted, a manager is someone who supervises at least two people for foreign subsidiaries and since 2014 this criterion is also used for France.

- Note concerning the calculation of seniority

Seniority is calculated from the date of the first contract signed by the employee with a company belonging to the TOUAX Group, and does not take into account changes of position within the Group.

- Note concerning calculation of staff turnover

This is the total number of departures during the year + the total number of entries during the year divided by 2 divided by the average number of employees during the year. The average workforce is calculated by dividing by 2 the sum of the workforce at the start of the year and the workforce at the end of the year.

- Note concerning calculation of the rate of absenteeism

This indicator is calculated by dividing the total number of working days of absence (excluding paid leave) during the year by the number of days worked during the year.

Coverage rate of the indicators published

The Group selected the scope of consolidation for which the indicators have been published. The coverage rate is the ratio for each indicator between the perimeter actually concerned and the Group perimeter adopted. This rate is calculated in relation to the total workforce of the Group at the end of the year.

2. Environmental information

(i) General environmental policy

As a result of its services activity, the Group has not identified any environmental risk.

- **The organisation of the company to take into account environmental issues and, where appropriate, environmental assessment or certification procedures**

Section 2.5 of the TOUAX ethical charter emphasizes "environmental responsibility" and raises the awareness of all employees to this issue. Employees must ensure that they:

- contribute to the TOUAX environmental initiatives,
- think about their behaviour, in all areas of activity that have an impact on the environment, in order to minimise the impact whenever possible (number of trips, saving energy, saving water, reducing waste), and
- immediately inform their line manager of any unusual discharge or emission into the ground, air or water.

Each of the Group's businesses involves different environmental issues, which we will present separately.

- **Freight railcars**

The Freight Railcar business contributes to sustainable development through its soft method of transport, in the same way as the River Barge and Shipping Container divisions. According to a study by the French Environment and Energy Management Agency (ADEME), in France, rail freight transport is the method of transport that emits the lowest level of CO2, at 5.75 grams per tonne/kilometre. Next comes water transport (applicable to river barges) with 37.68 grams, then road transport with 133.11 grams.

As a member of trade associations, TOUAX Rail Ltd helps to promote and defend rail freight transport among government and European organizations. It helps to promote combined rail transport and consequently contributes directly to sustainable development and the quality of the environment at European level.

The division has also had Entity in Charge of Maintenance (ECM) status for 10 years and this certification was renewed in December 2019. Some of the partner workshops to which maintenance of the railcar fleet is subcontracted have ISO 14001 certification, but this is not a requirement within the rail sector. In addition, the railcar maintenance workshops and railcar manufacturers comply with the environmental standards in force in their country.

› River Barges

The River Barge business uses existing and natural waterways. It is a safe, low-polluting method of transport. A barge can transport far more goods than a truck or a railcar. For example, on average, a convoy of 12 barges transports the equivalent of 1,100 truckloads. This business helps to promote sustainable development by emitting comparatively less gas emissions (30% less) than other more conventional methods of freight transport such as road transport, according to a comparative study of CO2 emissions by different methods of freight transport by the French Environment and Energy Management Agency (ADEME).

It should be noted that the general insurance policy of the European fleet covers risks of pollution. The leases require the lessees to comply with navigation rules and expressly mention the ban on transporting radioactive products and waste.

› Containers

Shipping containers can only be loaded and transported on ships designed for that purpose, called container carriers. Most current container carriers have a container capacity of 500 to 20,000 TEU (Twenty-foot Equivalent Unit). In recent years, shipping companies have adopted new LNG technology engines on their vessels or have redesigned the hull of their vessels to consume less fuel.

With effect from 1 January 2020, the International Maritime Organisation (IMO) will cap the sulphur emission rate of fuel oil used by vessels operating outside emission control (ECA) at 0.50% m/m (mass per mass). This measure will significantly reduce sulphur oxide emissions from ships. It should also have very positive effects on the environment and health, especially for people living near ports and coasts. Until 31 December 2019, the sulphur content ceiling for fuel used by ships operating outside emission control zones will be 3.50%. To meet this new threshold, ships use low-sulphur compliant fuel oil. Once ignited, the gas emits only a negligible amount of sulphur oxide. This is why, as mentioned above, more and more ships are also using it as fuel. This fact was recognised when the IMO developed the International Code of Safety for Ships Using Gases and Other Low Flashpoint Fuels (IGF Code) adopted in 2015. Methanol is another fuel alternative for some short journeys. Ships can also meet SOx emission requirements using approved equivalent methods. For example, "scrubbers" are exhaust gas cleaning devices that "clean" emissions before they are released into the atmosphere. In this case, the equivalent arrangement must be approved by the administration to which the ship belongs, in other words by the Flag State.

Even though the business only makes containers available to its customers, it indirectly contributes to sustainable development by promoting soft transport of goods which emits less CO2 per tonne/kilometre.

A typical container in the Group's fleet is made of 77% steel, 14% wood and 9% miscellaneous products (paint, joints etc.). The business has no constraints regarding recycling of materials since the containers are sold before the end of their life cycle. It is nevertheless easy to recycle containers at the end of their life given the large amount of steel they contain. In addition, the business supports research into technical solutions (through the Institute of International Container Lessors - IICL) for developing environmentally friendly components for manufacturing containers, e.g. combinations of wood and steel for the floor in order to strengthen the latter and minimize wood consumption.

› Other Modular Buildings activity

The Group operates a modular building plant in Morocco. The module assembly process on the customer's site is a dry process which does not consume water on site or pollute the soil, and reduces all the problems of traditional construction. Unlike traditional construction, the modules are solutions that can be quickly and easily moved from one site to another, with less environmental impact. The activity is ISO 9001 (Quality Management System) certified and the process for integrated ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System) certification is underway in order to reach the highest level of integrated health, safety, environment and quality certification.

Training and information provided for employees regarding environmental protection

In 2019, no employee of the Freight Railcars, River Barges or Shipping Containers divisions received training on environmental issues.

The means devoted to preventing environmental risks and pollution

In 2019, we installed on board barges equipped with bow thrusters, small metal bins for the selective sorting of any waste, such as greasy rags, special liquid and solid waste.

It should be noted that the general insurance policy of the European fleet covers risks of pollution. The contracts require the lessees to comply with navigation rules and expressly mention the ban on transporting radioactive products and waste as well as corrosive materials.

The amount of the provisions and guarantees for environmental risks, provided that this information is not likely to cause serious harm to the company in a current dispute

In 2019, there were no provisions or guarantees for environmental risks within the TOUAX Group. The environmental risks likely to affect the company’s assets or income are insignificant, since the Group is mainly a service provider.

(ii) Pollution

- **The measures for preventing, reducing and correcting discharges into the air, water and soil that have a serious environmental impact**

The Group optimizes its fleet of trucks and consequently respects the environment by reducing carbon emissions in the atmosphere. The means implemented are in particular:

- Regular checks of freight railcars and pushers,
- Subcontracting of transport to specialized companies and/or
- Streamlining of deliveries/returns in order to avoid unnecessary travel.

Generally speaking, by ensuring that its assets are in good condition, the Group helps to respect the environment.

Freight Railcars and Shipping Containers

There is no policy for discharges in these divisions which do not represent any specific risk in this regard, since TOUAX does not manufacture containers or freight railcars.

TOUAX, with regard to its Freight Railcars business, has planned ahead for changes to the European standard for reducing waste that can damage the soil by choosing to equip its new European railcars with a less polluting type of sole. Soles made from composite material have replaced cast iron soles.

In addition, TOUAX Rail ensures that its equipment is maintained in good condition through periodic revisions thanks to the thirty or so maintenance workshops certified for TOUAX maintenance rules. Each railcar undergoes a full service. Each railcar normally has between 2 and 8 axles, given that an axle comprises a central pin and two wheels, one at each end. Work on the railcars in the maintenance workshops is divided into two separate flows:

- a flow for the axles, and
- a flow for the railcars.

The railcars are serviced about every 3 years in the workshops. In 2019, 1396 railcars were serviced.

River Barges

Each unit complies with the standards for registration (registration, flag, measurement) and safety for each river basin. They are registered with the waterway administration that issues registration and navigation certificates. These navigation permits are issued after inspection(s) by an approved company and renewed at regular intervals, every 5 or 7 years, depending on the basin. The category certificates are valid for a period of 5 years with an intermediate inspection carried out every two and a half years. To renew the certificate, it may be necessary to dry-dock the barge for inspection and repair work.

All barges are therefore monitored and maintained in good condition in order to meet environmental and safety standards for their respective basin.

Other Modular Buildings activity

The activity does not significantly pollute emissions and is in the process of ISO 14001 (Environmental Management System) certification.

- **Procedures for dealing with noise disturbance and all other forms of pollution specific to an activity**

The Group's businesses have the advantage of producing very little noise disturbance. Nevertheless, since 2010, the Freight Railcar activity has had new railcars manufactured that are fitted with composite brake wear plates, which are quieter and comply with European standards for reducing noise levels emitted by railway systems. Beginning in 2017, TOUAX began bringing its fleet of equipment into line with the latest standards concerning the sound level of railcars, in order to promote rail transport as a sustainable mode of transport.

In December 2014, the modular building industrial site located in Morocco commissioned analyses on interior air, brightness and noise; the results were compliant with the regulatory limits.

The only industrial site remaining in the Group, in Morocco, for the Modular Buildings activity recorded no complaints in 2019.

(iii) Circular economy: Waste prevention and management

- **Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste**

Freight railcars

The service life of a railcar varies between 30 and 50 years. At the end of their life cycle, railcars are never dumped. All railcars that are no longer used are either sold or scrapped (process similar to the barge recycling process).

A railcar comprises:

- 99.5% of recyclable metals, and
- 0.5% of spare parts (rubber tightness seals in the braking system, rubber buffer in the shock and traction systems) and liquid waste (axle grease).

The axle grease is cleaned with detergents in the maintenance workshops and then all the parts are recycled in accordance with local regulations for the workshop.

After recovering any re-usable spare parts, all scrapped railcars are recycled.

> **River Barges**

The actual service life of a barge is 30 to 50 years, even though the depreciation period is 30 years.

At the end of the life cycle, the barges are cleaned, dismantled and scrapped (in other words, taken apart) by authorised companies. The steel (scrap metal) is resold and melted down in blast furnaces. A scrapping certificate is issued by the contractor and makes it possible to obtain a scrapping and cancellation certificate from the waterway administration.

Consequently, at the end of their life barges are never abandoned or dumped, but are always dismantled and recycled as described above. In 2019 one barge was sent for recycling.

> **Containers**

The service life of a shipping container is 15 years and the service life of a storage container varies between 20 and 40 years.

At the end of the life cycle, used containers are sold on the after market for many uses (transport, storage, processing, spare parts). They are therefore rarely discarded by the TOUAX Group, except if a particularly damaged container that can no longer be repaired is returned.

In the event of destruction of the container, it is almost entirely recyclable, because of its composition that is mainly made of steel.

When Touax buys new containers, it applies manufacturing standards that are increasingly respectful of the environment. The division now uses water-based solvent-based seals for its containers instead of silicon-containing chemical seals and bamboo flooring instead of wood. In addition, all container manufacturers have been using water-based paints on containers since April 2017 and after a test period to significantly reduce volatile organic compounds, which are organic compounds that can easily be found in gaseous form in the atmosphere and which were harmful to health.

Action to combat food waste

Employees at headquarters using the collective catering services have been made aware of the fight against food waste.

(iv) Sustainable use of resources

Water consumption and supply according to local constraints

By their nature, the TOUAX Group's businesses consume little water. Consumption mainly corresponds to the daily use of offices for service activities. This information is not relevant given the diversity of the Group's sites.

Consumption of raw materials and measures taken to improve efficiency of their use

> **Freight railcars**

	2019	2018
Number of new railcars purchased	124	62
Number of railcars sold	35	25
Fleet of railcars (platforms) under management on 31 december	9 574	9 434
Steel equivalent of new railcars purchased (in tonnes)	2 840	1 463

In 2018, the railcars purchased in India were not mentioned.

> **River Barges**

	2019	2018
Number of new barges purchased (excl. sevice boats and pushers)	1	
Number of barges sold (excl. sevice boats and pushers)	3	21
Fleet of boats (platforms) under management on 31 December	97	99
Steel equivalent of new barges purchased in tonnes (excl. sevice boats and pushers)	500	

› **Containers**

	2019	2018
Number of containers purchased (in TEU*)	13 362	30 709
Number of containers sold (in TEU*)	41 456	40 019
Fleet of containers under management (in TEU*)	434 816	463 732
Steel equivalent of new containers purchased (in tonnes)	20 379	47 983
Quantity of timber making up the floors of new containers purchased (in tonnes)	3 639	8 568

› **Other Modular Buildings activity**

	2019	2018
Number of modules manufactured by the Moroccan factory in m2	37 132	21 707
Number of modules sold by the Moroccan factory in m2	36 536	22 548
Fleet of modules under management on 31 December		
Steel equivalent of modules manufactured by the Moroccan factory (in tonnes)	1 134	902

* data for the Moroccan factory is for illustrative purposes only.

Energy consumption and measures taken to improve energy efficiency and the use of renewable energy

By their nature, the TOUAX Group's activities consume little water. Consumption mainly corresponds to the daily use of offices for service activities.

› **Other Modular Buildings activity**

The fuel consumption of our modular building assembly site linked to logistics (forklift trucks, site machinery) was 6,900 litres in 2019.

The energy consumption of this site was as follows:

Moroccan factory	2019	2018
Electricity consumption in Gwh	0,333	0,397
Consommation de gaz en GWh	0,04	0,04
Total consumption in Gwh	**0,373**	**0,437**

Land use

In view of issues faced by our various businesses, this information is not applicable.

(v) Climate change

The risk factors outline the impact of climate change in paragraph 3.4.4 of the universal registration document page 32.

The significant amounts of greenhouse gas emissions generated as a result of the company's activity, in particular the use of the goods and services it produces

The Group's various business activities produce little pollution and emit very little greenhouse gas, since the Group's main activity is as a leasing company. The issue of emissions may arise at the level of our stakeholders, such as:

- our customers, who transport goods using the barges, containers and railcars that we make available to them, and
- our suppliers who produce our products and who may emit greenhouse gases during the production processes.

TOUAX contributes to the development of alternative forms of transport to road transport with its Shipping Container, Freight Railcar and River Barge business activities. A calculator has been established to measure the reduction in CO2 emissions on the www.ecotransit.org website.Our road-user clients were asked to compare their CO2 emissions according to their road-use and tonnes transported. Thanks to the equipment leased by TOUAX, customers can achieve significant reductions in CO2 emissions that they can measure in an efficient way.

Adapting to the consequences of climate change

› **Freight railcars**

In theory, climate change, and in particular the rise in temperatures favours the Freight Railcar business by replacing polluting methods of transport (road) with cleaner methods such as rail.

- **River Barges**

Climatic incidents occur frequently, but it is not possible to determine whether their frequency is due to climate change. Our customers are directly affected by of the hazards of navigation, such as drought, floods or ice sheets. In 2019, there were long periods of low water on the Rhine.

Similarly, in South America, the drought period at the end of the year led to a sharp slowdown or even an interruption in river activity on the Paraná.

- **Containers**

The Shipping Container business is dependent on world trade. Any impact of climate change on world trade would have an impact on this business. For example, the rise in temperature could make new trade routes accessible in the North Pole, which would reduce the number of containers required for trade between Asia and Europe.

(vi) Protection of biodiversity

- **Measures taken to protect or develop biodiversity**

Out of concern for the future of the planet, the TOUAX Group decided to introduce a system for collecting documents (newspapers, magazines, paper, cardboard) and computer media (CDs, DVDs, hard drives and diskettes) at the head office in La Défense. Containers are made available to employees near the printers.

These high-performance blades shred documents, computer media and cardboard boxes which are then squashed into bundles and directly sent for recycling to be made into second grade paper. The company which provides this service, gives us an environmental certificate at the start of each calendar year showing the number of trees saved thanks to our contribution. In 2019, around 14 trees were saved.

More generally, the businesses of the TOUAX Group do not have a direct impact on biodiversity. Consequently, no concrete measures were taken to protect or develop biodiversity in 2019.

(vii) Appendix to the environmental section

The environmental section contains qualitative and quantitative information. A matrix developed in house is sent every year to each person identified within each business activity in order to obtain the information that appears in the report. This information is then supplemented by interviews. Information is fed back to the Group's Finance Department under the supervision of each local finance department.

- **Methodological note**

- Group scope of consolidation applied

The quality information published concerns all of the consolidated entities of the TOUAX Group that employ personnel. This is the same scope as that of the social part above page 175, it being specified that the information does not concern modular buildings that were transferred in 2017.

- Note concerning the calculation of the steel equivalent of new railcars

This calculation is based the average weight of an empty railcar of 23.1 tonnes, of which on average 99.5% is made of steel. The average weight was calculated by the TOUAX technical department based on the technical data for each railcar (including the tare or unloaded weight) in our information system. The calculation is the ratio between the sum of the unladen weights of all of the railcars in the fleet, and the number of railcars in the fleet at a given date.

However for the 2018 data, the steel weight of each railcar purchased is known, allowing for the total steel equivalent of all the railcars purchased to be calculated with precision.

- Note concerning the calculation of the steel equivalent of new barges (excluding service boats and push boats)

The weight of the steel of each barge bought is known to the nearest kilogram, which makes it possible to calculate the total steel equivalent of all of the barges bought.

- Note concerning the calculation of the steel equivalent of new containers

The weight of the steel and wood of the containers is the same whatever type of container is purchased by the Group. However, the weight varies depending on the type of container.

- Note concerning calculation of the steel equivalent of the modules produced

The weight of the steel of the modules produced corresponds to a standard unit module regardless of its dimensions as well as the surfaces of the specific productions compared to a 6x3 equivalent in square meter.

₪ **Coverage rate of the indicators published**

This section specifies the scope of consolidation for which the indicators have been published.

The coverage rate is the ratio for each indicator between the scope actually concerned and the scope adopted (Group, division, industrial site, etc.). This rate is calculated in relation to the total workforce of the Group at the end of the year. TOUAX undertakes to increase as far as possible its coverage rate each year.

Due to the diversity of the TOUAX Group's businesses and the current organization of reporting, the indicators (except for the provisions and resources devoted to environmental protection) are not consolidated at Group level but by business. The scope of consolidation of each indicator is specified in the text. When the indicators are consolidated by business, the contributing entities are those presented in the table concerning the scope of the data.

3. Information regarding the social commitments to promote sustainable development

(i) Territorial, economic and social impact of the company's activity

₪ **Regarding employment and regional development**

The Group mainly employs people with office jobs, all located in major cities around the world. Its modular activity in Morocco is located more than 20 kilometres from Casablanca, and the vast majority of the employees working here come from the neighbourhood, which helps to boost the local employment pool.

₪ **Regarding surrounding or local communities**

Under the apprenticeship tax, the Group has paid just under a thousand euros to the French association "ZYVA" whose aim is to facilitate the integration of young people into society by setting up activities enabling the care of young people in vulnerable situations.

(ii) Relations with people and organizations concerned by the company's business, in particular associations that promote integration, teaching institutions, environmental associations, consumers associations and the surrounding communities

₪ **Conditions for dialogue with these people or organizations**

The relations formed with many organizations helps the group to share best practices with other businesses and prepare for changes in regulations and standards, particularly in relation to the environment.

In general, people or organizations interested by the business activities of each division can obtain information on their products and services on each relevant website. To obtain an element of information on the TOUAX Group, the interested people or organizations can go to the www.touax.com website.

₪ **Partnership and sponsorship initiatives**

Section 2.4 of the ethical charter, "Charitable activities and sponsorship" specifies that the TOUAX Group "authorizes sponsorships and contributions to charitable activities provided that they are in the general interest and contribute effectively to the social action specified by the Group. *These actions or contributions are subject to the prior written approval of the director of the division concerned, the Managing Partners and the Human Resources Department.* They are duly listed to ensure the coherence of the Group's general humanitarian policy. »

The TOUAX Group has provided support to humanitarian initiatives through recognized NGOs. In 2017, our Moroccan entity was the partner of the "*Morocco sailing challenge*", a project aiming to provide financial support to a team circumnavigating Morocco by yacht to promote ecological water sports, protection of the coastline and sports education of orphans.

(iii) Subcontracting and suppliers

₪ **Consideration of environmental and social issues in the purchasing policy**

Section 3.4 of the ethical charter addresses the issue of the choice and fair treatment of suppliers. It stipulates that all employees in contact with suppliers must "be extremely vigilant with regard to suppliers who do not respect the Group's ethics, the labour laws in force in the countries concerned, or the health, safety and environmental protection regulations."

The TOUAX Group informs its employees of the ethical issues involved when choosing suppliers. At present, there are no clauses concerning social and environmental criteria in our purchasing policy. However, it is worth noting that some suppliers enforce their own CSR criteria.

Our Freight Railcars business pays special attention to the consideration of social and environmental issues, especially as an Entity in Charge of Maintenance (ECM) for railcars under our own management as well as railcars operated by other providers for which we are the ECM. The ECM must plan, develop, control and monitor the maintenance carried out on the fleet. The suppliers referred to for scheduled maintenance are selected based on their certificates but also their audit results. Monitoring is established and traceability is ensured by the Quality systems and ECM Monitoring in order to ensure that any suppliers found to be in breach are removed.

In the Shipping Container division, when purchasing containers, the TOUAX Group holds interviews with suppliers and visits factories. More generally, a study is underway to integrate social and environmental issues into the purchasing process.

- **The importance of subcontracting and the consideration of social and environmental responsibility in relations with suppliers and subcontractors**

The TOUAX Group intends to conduct a study in the next few years and introduce initiatives aimed at giving greater consideration to its social and environmental responsibility in its relations with suppliers and subcontractors.

(iv) Loyalty

- **Action taken to prevent corruption**

The TOUAX Group's ethics charter has several sections on preventing corruption. Section 1.5 deals with gifts and invitations, section 1.6 deals with corruption and section 1.7 deals with conflicts of interests. Each section provides recommended ethical behaviour to be adopted in these situations. Measures are therefore taken to increase the awareness of Group employees of the fight against corruption.

- **Measures taken to promote consumer health and safety**

  - **Freight railcars**

User manuals and maintenance guides are provided for each customer to improve user safety.

  - **River Barges**

All our barges comply with safety standards. All persons on board must comply with the safety standards (life jacket, safety footwear and hard hat where appropriate). The river police ensure the correct application of navigation regulations.

On certain acquisitions, we undertook the installation of anti-slip paint on the work areas of the decks of each barge. Handrails around coamings have been restored, in order to guarantee optimum safety for convoy crews.

- **Other initiatives in favour of human rights**

To date, the TOUAX Group has not subscribed to the international standards concerning the respect for human rights. Nevertheless, the ethical charter makes employees aware of this issue.

(v) Appendix to the social section

The social section provides 100% qualitative data. The quality information published concerns all of the consolidated entities of the TOUAX Group that employ personnel. The scope of consolidation is the same as that used in the social section, shown above page 175.

A matrix developed in house is sent every year to each person identified within each business activity in order to obtain the information that appears in the report. This information is then supplemented by interviews. Information is fed back to the Group's Finance Department under the supervision of each local finance department.

La Défense, 24 March 2020

Fabrice and Raphaël WALEWSKI

Managing Partners

22.3. MANAGERS' REPORT TO THE EXTRAORDINARY GENERAL MEETING

Dear Shareholders,

We have invited you to an Extraordinary General Assembly to ask you to, in particular, to make a decision:

(i) on the amendment of article 11.5 (Remuneration of Management), of article 12.5 (Remuneration of the Supervisory Board) and of article 7 (Form of shares) of the articles of association;

(ii) on a delegation of authority to the Management Board for the purpose of issuing ordinary company shares and securities, with retention of the preferential subscription right of the shareholders, for a period of 26 months;

(iii) on a delegation of authority to the Management Board for the purpose of issuing ordinary company shares and securities, by way of a public offer, with cancellation of the preferential subscription right of the shareholders but with a mandatory subscription priority time period, for a period of 26 months;

(iv) on a delegation of authority to the Management Board to increase the issue of ordinary company shares and securities, in the event of excess demand, for a period of 26 months;
(v) on a delegation of authority to the Management Board for the purpose of issuing shares for the benefit of the Group's employees, with cancellation of the preferential subscription right, for a period of 26 months;
(vi) on an authorisation to be given to the Management Board in order to cancel all or part of the shares purchased by the company under the provisions of Article L. 225-209 of the French Commercial Code, for a period of 24 months.

The Combined General Meetings of 20 June 2018 and 24 June 2019 have delegated to the Management Board the following issuance authorisations, in progress:

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2019	total amount used
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with retention of preferential subscription rights	Combined General Meeting of 20 June 2018 (10th resolution)	19 août 2020	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with suppression of preferential subscription rights by offer to the public but with a priority time period	Combined General Meeting of 20 June 2018 (11th resolution)	19 août 2020	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital resulting from excess demands	Combined General Meeting of 20 June 2018 (12th resolution)	19 août 2020	maximum of 15% of the initial issue	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a category of persons	Combined General Meeting of 24 June 2019 (10th resolution)	23 décembre 2020	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €960,000 (2)	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a person specifically appointed	Combined General Meeting of 24 June 2019 (11th and 12th resolutions)	23 décembre 2020	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €320,000 (2)	not used	none

(1) Ceiling of €20 million authorised for all share capital increases in par value.
(2) Independent ceiling.

I- Modification of article 11.5 (Remuneration of Management), of article 12.5 (Remuneration of the Supervisory Board) and of article 7 (Form of shares) of the articles of association (16th and 17th resolutions

By the vote of 16th and 17th resolutions, we ask you to modify:

- articles 11.5 and 12.5 of the articles of association relating to the remuneration of the Management and the Supervisory Board in order to remove the concept of attendance fees following the adoption on 22 May 2019 of the law relating to the growth and transformation of companies, known as the Pacte law;
- article 7 of the articles of association relating to the form and disposal of shares and the identification of shareholders in order to update the new provisions of article 228-2 of the Commercial Code following the adoption on 22 May 2019 of the law relating to the growth and transformation of companies, known as the Pacte law.

II- DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD TO AUTHORISE CAPITAL INCREASES (18TH, 19TH AND 20TH RESOLUTIONS)

TOUAX is a diversified Group in 3 business areas (freight railcars, river barges and containers), and specialises in the operational leasing of mobile and standardised equipment. The Group is resolutely internationally-focused.

You will find all the information on the progress the company and the Group is making in the management report for the year ended 31 December 2019, on page 151 of the 2019 universal registration document, available on the website www.touax.com.

The purpose of the financial authorisations submitted to you is to offer the Management Board the greatest flexibility in the choice of potential issuances and to adapt, when the time comes, the nature of the financial instruments to be issued depending on the status of and opportunities in the financial markets, in order to respond quickly to current market developments.

The amounts raised make it possible to seize and finance investment opportunities in accordance with the defined strategy, to refinance part of Touax Group's existing financing, or to consolidate its shareholders' equity so it can continue its growth.

You are therefore requested to authorise the Management Board to undertake:

(i) the issue of ordinary shares and/or securities giving access to the share capital or the allocation of debt securities with retention of preferential subscription rights and

(ii) the issue of ordinary shares and/or securities giving access to the share capital or the allocation of debt securities with cancellation and replacement of preferential subscription rights, by way of a priority subscription period for the benefit of shareholders.

The authorisations voted on at the Annual General Meeting on 20 June 2018 were the subject of different resolutions. The Management Board wishes to propose their renewal to the Annual General Meeting of 24 June 2019.

The resolutions presented at this meeting would enable your Board to decide to issue securities giving access to the Company's capital, either by issuing new shares such as bonds that are convertible or redeemable in shares, or bonds combined with a subscription of shares, or by remittance of existing shares such as "OCEANE" (bonds convertible into shares to be issued or exchangeable into existing shares). These securities could be in the form of debt securities as in the above examples, or equity securities, for example, shares combined with equity warrants. However, in accordance with the law, equity securities that are convertible or convertible into debt securities may not be issued.

Securities giving access to capital in the form of debt securities (for example, convertible bonds or bonds redeemable in shares, or bonds with equity warrants) could give access, either at any time or during fixed periods or on fixed dates, to the allocation of shares (within the ceiling mentioned below). This allocation could be made by conversion (for example, bonds convertible into shares), redemption (for example, bonds redeemable in shares), exchange (for example, bonds exchangeable for shares) or presentation of a warrant (for example, bonds with equity warrants) or in any other manner, during the term of the loans, whether or not the preferential subscription right of the shareholders to the securities thus issued is retained.

The policy of the Management Board is to prioritise, as a matter of principle, the conventional capital increase with the retention of shareholders' preferential subscription rights (18th resolution).

However, depending on the market conditions, the nature of the investors involved in the issue and the type of securities issued, it may be preferable, if not necessary, to cancel the preferential subscription right, in order to place securities in the best conditions, particularly when the speed of the operations is an essential condition for their success. Such a cancellation may result in a larger capital pool due to more favourable issuing conditions. With a capital increase with cancellation of the preferential subscription right (19th resolution), the Management Board would thus be able to take advantage of the opportunities offered by the financial markets in certain circumstances, it being specified that the resolution provides for a priority period for existing shareholders to subscribe to shares or securities giving access to the capital that would be issued.

The delegations provided for by these resolutions aim to increase the capital by issuing shares and securities giving access to the capital up to an overall limit of 20 million euros in nominal value, which does not take into account any increases that may be required to preserve the rights of holders of securities giving access to capital and capital increases in the event of excess demand. This overall ceiling is common to the 18th and 19th resolutions. Thus, a capital increase with cancellation of the preferential subscription right decided under the 19th resolution would be imputed on the ceiling of the 18th resolution.

₪ Delegation of authority to the management board to increase the share capital with retention of preferential subscription rights (18th resolution)

You are hereby requested to confer to the Management Board the powers necessary to proceed with the issuance, with retention of the preferential subscription right of the shareholders, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company or giving right to the allocation of debt securities,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares of any company which directly or indirectly owns more than half of the capital or of which it directly or indirectly owns more than half of the capital.

It is specified that the total nominal amount of the capital increases that may be carried out immediately and in the future is set at twenty million (20,000,000) euros, subject to the resolution concerning excessive demand. Added to the above ceiling, if applicable, is the nominal amount of the issues that may be required to preserve, in accordance with the law, the rights of the holders of securities giving access to the capital in accordance with the legal and regulatory provisions as well as the contractual stipulations.

In the event of this delegation being used, the Management Board, the shareholders, will have, in proportion to the amount of their shares, a preferential subscription right to the securities that would be issued pursuant to this delegation. The Management Board may establish, where applicable, a subscription right on a reducible basis, for new non-subscribed capital shares that the shareholders may exercise proportionately to the subscription rights available to them and, in any case, within the limits of their demands

In accordance with the provisions of Article L. 225-134 of the French Commercial Code, the Management Board may, in such order as it deems appropriate, allocate the shares, debt securities and/or securities not subscribed in whole or in part for the benefit of the people of its choice, offer the public all or part of the non-subscribed securities and/or limit the issue to the amount of subscriptions received as soon as they reach at least ¾ of the issue decided upon.

If you consent to the delegation, the latter will bring, for the benefit of the holders of the issued securities, an express waiver by the shareholders of their preferential subscription right to the new shares to which the securities issued by virtue of this delegation may give entitlement.

The Management Board would have all the powers to decide upon and carry out the capital increase(s) that it deems appropriate.

This authorisation would be given for a period of 26 months and it will cancel and replace the authorisation given by the annual general meeting of 20 June 2018 in its 10th resolution.

- **Delegation of authority to the management board to increase the share capital with cancellation of preferential subscription rights but with a priority period for the benefit of existing shareholders (19th resolution)**

You are hereby requested to confer to the Management Board the powers necessary to proceed with the issuance by offer to the public with cancellation of the preferential subscription right, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

It is specified that the total nominal amount of capital increases that may be carried out immediately and in the future is set at twenty million (20,000,000) euros subject to the resolution relating to excess demand, it being specified that the nominal amount of the shares that may be issued under this delegation will be deducted from the ceiling referred to in the 18th resolution. Added to this ceiling, if applicable, will be the additional nominal amount of ordinary shares to be issued to retain, in accordance with the law and any applicable contractual stipulations providing for other cases of adjustment, the rights of the holders of securities or holders of other rights giving entitlement to equity securities of the company.

You are requested to grant the shareholders a mandatory priority subscription period for all such issues, not giving rise to the creation of negotiable rights, exercisable in proportion to the number of shares held by each shareholder and, where applicable, on a reducible basis. The management board shall have the power to set the duration and the terms thereof in accordance with legal and regulatory provisions.

The cancellation of preferential subscription rights should make it possible to facilitate public offering transactions and attract new investors if necessary, although it is specified that shareholders would be favoured over new entrants by way of priority instituted to their profits.

The issue price of the equity securities will be at least equal to the minimum price provided for by the legal and regulatory provisions applicable on the day of setting the issue price (namely on this date, at the weighted average of the last three sessions prior to its fixing, possibly reduced by a maximum discount of 5%).

The issue price of the securities giving access to the capital of the company shall be such that the amount received immediately by the company, plus any additional fees that may be collected by the company, is, for each share issued as a result of the issue of these securities, at least equal to the issue price.

In the event of insufficient subscriptions, the management board may use, in the order it determines, one or both of the options set forth in Article L. 225-134 of the French Commercial Code, namely:

(i) shares or financial securities not subscribed for may be allocated in whole or in part by the board of managers for the benefit of the persons of its choice, in accordance with the legal and regulatory provisions in force,

(ii) such shares or financial securities may be offered to the public, or

(iii) the issue may also be limited to the quantity of subscriptions actually received, provided these amount to at least ¾ of the issue decided upon.

If you consent to the delegation, this will bring, for the benefit of the holders of the securities giving access to the capital, the express cancellation of the shareholders' preferential right to subscribe to the new shares to which these securities entitle them.

The Management Board would have all the powers to decide upon and carry out the issues of shares or securities that it deems appropriate.

It is specified that the Management Board may, in the context of the implementation of this delegation, modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities.

This authorisation would be given for 26 months and it will cancel and replace the authorisation given by the annual general meeting of 20 June 2018 in its 11th resolution.

- **Delegation of authority to the Management Board to increase the amount of issues in the event of excess demand (20th resolution)**

You are hereby requested to authorise the Management Board to decide, within the time and within the limits provided for by the law and regulations applicable on the day of the issue, for each of the issues decided upon pursuant to the 18th and 19th resolutions, to increase the number of securities to be issued, subject to compliance with the ceiling provided for in the resolution under which the issue is decided.

This authorisation will be for a period of 26 months and it will cancel and replace the authorisation given by the annual general meeting of 20 June 2018 in its 12th resolution.

III- Delegation of authority to the Management Board with a view to increasing the share capital for the benefit of the group's employees with cancellation of preferential subscription rights (21th resolution)

In accordance with articles L.3332-18 to 3332-24 of the Labour Code and articles L. 225-129-6 and L.225-138-1 of the French Commercial Code, our company presents to you a draft resolution tending to delegate to the Management Board its authority to proceed, on one or more occasions, under the conditions set forth in Article L. 3332-18 et seq. of the French Labour Code, to an increase in the share capital in cash of up to €600,000 reserved for employees of the company and its related companies pursuant to Article L. 225-180 of the French Commercial Code, members of a company savings plan.

The purpose of this provision is to promote the shareholding of all employees.

The total number of shares that could be subscribed by the employees could not be greater than 3% of the share capital on the day of the Management Board's decision and the subscription price of the shares would be fixed in accordance with the provisions of article L.3332 -18 et seq. of the Labour Code.

This authorisation will be granted for a period of 26 month and it will cancel and replace the authorisation given by the annual general meeting of 24 June 2019 in its 13th resolution.

IV- Authorisation to be given to the Management Board in order to cancel all or part of the shares purchased under the provisions of article L. 225-209 of the Commercial Code (22th resolution)

You are also asked to authorise the Management Board to reduce the share capital, on one or more occasions, by a maximum of 10% of the share capital per period of twenty-four months, by cancelling some or all of the treasury shares acquired under the stock redemption programme adopted by the company's shareholders at the present Annual General Meeting, or at a previous or subsequent Annual General Meeting.

This authorisation will be granted for a period of 18 months.

The cancellation of Company shares held by the latter may respond to various financial objectives, such as active capital management, balance sheet optimisation or offsetting the dilution resulting from capital increases.

The Management Board could allocate the difference between the repurchase price of the cancelled shares and their par value at the time of cancellation, to the premiums and free reserves.

The Management Board shall have all powers to determine the terms and conditions of these cancellations, in order to amend, where appropriate, the Company's articles of association, make any declarations, carry out any other formalities, and in general do whatever is necessary.

This authorisation would cancel and replace the authorisation granted by the Extraordinary General Meeting of 24 June 2019, in its 14th resolution, which has not been used at all.

* * * *

You will also hear the reading of the auditors' reports.

We would also remind you that, in accordance with articles R. 225-116 and R. 225-117 of the French Commercial Code, the management board and your statutory auditors will draw up, at the same time as the delegations granted above are used, a supplementary report describing (i) the final terms and conditions of the issues (ii) their impact on the situation of holders of equity securities and securities giving access to the capital, in particular with respect to their share of shareholders' equity at the end of the last financial year, and (iii) their theoretical impact on the current market value of the share as it results from the average of the previous twenty trading sessions.

We ask you to approve all the resolutions except the 21th resolution that is regulatory and is not in the immediate interest of the Group. It was decided that the company savings plan established would not use company shares.

The managers remain at your disposal to give you any additional information or explanations that you might require.

La Défense, 24 March 2020

Fabrice et Raphaël WALEWSKI

Managing Partners

23. REPORTS OF THE SUPERVISORY BOARD

23.1. REPORT OF THE SUPERVISORY BOARD ON ITS BRIEF TO CONTINUOUSLY MONITOR THE GROUP'S MANAGEMENT

Dear Shareholders,

In addition to the Management Report, which details the activities and results of each division of the Group, the Supervisory Board presents to you its report pursuant to Article L. 226-9 of the French Commercial Code, relating to its audit mission of the Group's management and presents its opinion on the main resolutions proposed for your votes today.

The Supervisory Board met 4 times in 2019 and exercised its supervisory duties completely independently. It considers that it received the documents and information required for it to properly carry out its brief, particularly in relation to the accounts, financial commitments and risks inherent in the business and its environment. The Managers provide regular information about the changes in each division and its future prospects in the context of the strategy defined by the Management Board as well as the overall situation of the Group.

Through its Chairman, the Supervisory Board takes part in divisional supervisory committees. These committees are organised by the Managers and the operational departments, and their purpose is to present the business strategies, in particular the changes in market strategy, competitive positioning and a perspective with regard to previous strategies. Their purpose is also to study significant events occurring during the period in question. In 2019, the action plans of each division were presented to the Supervisory Board.

The Supervisory Board continued to pay particular attention to the Group's indebtedness. Net debt increased from €195.5 million in 2018 to €199 million in 2019 and TOUAX SCA's bank ratios were respected at the end of December 2019. The leverage ratio decreased while the loan-to-value ratio (LTV) remained stable (54% in 2019 compared to 52% in 2018) taking into account hybrid capital.

In terms of governance, since 2015 the Company has referred to the Middlenext Code and examined the situation of each member in terms of their independence.

The audit committee met 2 times prior to the Supervisory Board meeting. In particular, it reviewed the consolidated financial statements and risks and submitted a report about its brief to the Supervisory Board.

* * *

With respect to the main financial data for 2019 and without going back to the detailed comments by the Management Board, we remind you that the accounts of 31 December 2019 as well as the comparative data are presented in accordance with IFRS.

The accounts on 31 December 2019 relating to the retained activities show that:

- The group share of net profit was -2.7 million euros, an improvement of 35% compared to -4.2 million euros a year earlier. It includes (i) -€0.6M of residual loss on the modular construction activity in Africa, (ii) -€0.7M of residual loss on discontinued activities (modular construction in Europe and the USA), (iii) -1€.2M on the exceptional exchange rate loss mentioned above, and (iv) taxes €1.5M higher than the current result before tax of +€0.7 million which breaks down into a deferred tax of -€0.6 million and a current tax charge of -€0.9 million taken into account. The importance of the tax charge is explained by the recognition of a tax for companies with a positive tax result (12.4 million euros) which is not offset by a tax income for companies with a negative tax result (-€12 million). The recognition of deferred tax assets (tax credit offset tax income) is limited to deferred tax liabilities (tax debt).

- Revenue from operations increased by 9.4% to €169 million (€164.2 million at constant currency and scope2) compared to €154.5 million in 2018. Leasing revenues stood at €134.8 million compared to €134.5 million in 2018, an increase in freight railcars, a decrease in barges (South America), and a decrease in containers (reduction of the fleet under management while leasing revenues turnover from owned equipment increased by +53.5%). Sales totalled €32.2 million, compared to €18.7 million in 2018, mainly as a result of the trading of new and used containers. Syndication fees and capital gains increased to €1.9 million compared to €1.3 million in 2018;

- EBITDA totalled €36.9 million, an improvement of 44% compared to the previous year.

The EBITDA of the Freight Railcar division stood at €23.1 million compared to €22.9 million in 2018, with an increasing utilisation rate (88.7% on average in 2019: +3.8 points compared to 2018). In a growing market context driven by the need to replace fleets, the division is continuing to invest and is benefiting from a gradual increase in leasing rates.

The River Barges division recorded an EBITDA of €3.5 million over the year compared to 4.5 million in 2018, mainly due to a lack of dynamism in the South American market and the absence of any disposals on 2019.

The EBITDA of the Containers division increased significantly to €8.8 million due to the recovery of investments and the increased trading in new and used containers. The strategy of increasing the share of owned assets stimulates profitability, which quadrupled in 2019 compared to 2018. The utilisation rate is resilient at 97.1% on average over the year (98.7% in 2018).

The EBITDA of the other activities stood at €1.5 million, up sharply (+5.4 million euros) compared to 2018 with the Modular Buildings activity in Africa which is recovering thanks to an increase in its order book. The total impact of the implementation of IFRS 16 on leases is €1.3 million on the EBITDA.

- The operating result totalled €15.1 million euros, +86.6% compared to 2018 (€8.1 million).

- Shareholders' equity on 31 December 2019 totalled €123.1 million compared to €129.1 million on 31 December 2018.

- Key events in 2019:

Increase in operating profit (+87%) to €15.1 million

Increase in the Ebitda (+44%) to €36.9 million

Net profit before tax positive at 0.7 million

Significant tangible asset base with a market value of €327.3 million

The Management Board's Annual Report and the Financial Statements provided to you show the developments in the Group's activities and results during the 2019 financial year. The Statutory Auditors have reported the findings of their audits. We have no observations to make regarding the consolidated individual financial statements of the last financial year.

* * *

The main resolutions submitted to you on a regular basis relate to the approval of the financial statements, the appropriation of results, the remuneration of the corporate officers, the renewal of one third of the members of the Supervisory Board and the authorisation to execute the actions.

Extraordinary resolutions concern authorisations to issue equity warrants (BSA), warrants and/or acquisitions of new and/or existing shares (BSAANE) and/or warrants and/or acquisition of new and/or existing redeemable shares (BSAAR). It is also subject to an authorisation to be given to the Management Board to cancel equity securities in the context of share buybacks.

The Board requests your approval of all of the resolutions submitted to you.

La Défense, 25 March 2020

The Supervisory Board

23.2. REPORT FROM THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE

Dear Shareholders,

Pursuant to Article L.226-10-1 of the French Commercial Code, this report sets out the corporate governance.

This report was discussed at the meeting of the Supervisory Board on 28 March 2019.

23.2.1.Specific characteristic of the Partnership limited by shares under French law

Presentation of the partnership limited by shares

TOUAX is a Partnership limited by shares under French law governed by Articles L.226-1 to L.226-14 of the Commercial Code and, insofar as they are compatible with the articles referred to above, by the provisions relating to limited partnerships and joint stock companies, with the exception of Articles L.225-17 to L.225-93. It is also governed, within the context of the law, by the specific characteristics of its Articles of Association.

This legal structure includes two categories of partners:

- limited partners (the shareholders), whose status is the same as that of the shareholders of a public limited company: their shares are negotiable under the same conditions and their liability is limited to the amount of their contributions;
- general partners, who are in the same legal position as the partners in a general partnership: they act as business people and are jointly and severally liable for social debts on their own property. Their rights within the Company (realised in the form of shares) are not freely transferable, they require the unanimous approval of the partners and of the extraordinary general meeting of the limited partners. The general partners may, however, hold shares if they have made contributions or if they have purchased securities; in this case, they then combine the two qualities of general partners and limited partners. Given the existence of two categories of partners, collective decisions require a double consultation: that of the limited partners gathered in General Assembly and that of the general partners. However, the general partners are not involved in the appointment of members of the Supervisory Board, the latter being the responsibility of the limited partners only (not general).

The Company also has a Supervisory Board representing the limited partners. It ensures permanent control over the management of the Company.

The Company is managed by one or several managers, natural or legal persons, chosen from the general partners or third parties. Managing Partners may be statutory or appointed subsequently during the course of the corporation's existence. Any appointment or re-election of a managing partner is the responsibility of the general partners.

The law and the specific details of the TOUAX Articles of Association make the limited partnership a modern structure that is perfectly adapted to the principles of good governance:

- a clear separation of powers between the Management Board, which runs corporate affairs and the Supervisory Board, made up of shareholders responsible for supervising the management and accounts;
- the unlimited liability of the general partner for their own property, which reflects the balance established between investment commitment, power and responsibility; and
- assignment to the Supervisory Board of the same powers and rights of communication and investigation as those devolved to the Auditors.

Factors likely to have an impact in the event of a takeover bid

The TOUAX Group is a partnership limited by shares under French law which by nature is controlled by the general partners. This legal form is generally considered to protect the company from public offerings because of the two categories of shareholders, the limited partners and the general partners.

It has two general partners: SHGP and SHGL. These two companies belong respectively to Fabrice and Raphaël WALEWSKI. General Partners have rights in the appointment and dismissal of Managers, which make it difficult to change control.

There may be clauses in some finance agreements that require repayment of financing in the event of changes of control as a result of the change of general partners.

Alexandre WALEWSKI, Fabrice WALEWSKI, Raphaël WALEWSKI, SHGP and SHGL acted in concert in 2019, as they have since 2005. This alliance is a de facto alliance that was established in 2005 during the conversion into a partnership limited by shares under French law. In total, on 31 December 2019 this concert held 31.42% of the shares and 40.91% of the voting rights.

There is no shareholder agreement, providing for preferential conditions for the sale or acquisition of shares.

A change of control requires, therefore, a change in the composition of both general partners and limited partners.

23.2.2.General statements

To our knowledge, during the past five years,

No general partner, no manager, no member of the Supervisory Board has been convicted of fraud;

No general partner, no manager, no member of the Supervisory Board has been associated with any bankruptcy, receivership or liquidation;

No general partner, no manager, no member of the Supervisory Board has been subject to any incrimination or official sanction;

No general partner, no manager, no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body monitoring an issuer or intervening in the management or conduct of the affairs of an issuer.

In addition, to the best of our knowledge there are:

No potential or actual conflicts of interest between the duties, with regard to TOUAX SCA, of one of the members of the Supervisory Board, members of the Management Board, one of the general partners and their private interests or other duties, it being specified that there is a regulated agreement involving the Managers;

There are no arrangements or agreements between any of the members of the Supervisory Board or the Management Board, or between a General Partner and any of the main shareholders, customers or suppliers;

No restrictions on transfer by the members of the Supervisory Board within a certain period of time of their stake in the share capital of TOUAX SCA;

No restriction on the transfer by the Managing Partners or a general partner within a certain period of time of their stake in the share capital of TOUAX, with the exception of the intervention rules on the securities provided for by the legal provisions in force;

No service contract binding the members of the Supervisory Board or the Management Board of TOUAX SCA or binding any of the general partners with any of the subsidiaries of TOUAX and providing for the granting of benefits under such a contract;

There are no family ties between the members of the Supervisory Board.

23.2.3.Application of the Middlenext code

In addition to the legal requirements, the Group has chosen to refer, as of 2015, to the governance rules recommended by the Middlenext Corporate Governance Code for Medium and Small Values (in its latest version dated September 2016 available on https://middlenext.comhttp://www.middlenext.com/).

The Middlenext code contains points for vigilance that recall the questions that the Supervisory Board should ask in order to promote the proper functioning of governance.

In accordance with the provisions in paragraph 8 of Article L. 225-68 of the French Commercial Code, this report specifies the provisions of the code that are not applied by the company.

23.2.4.Governance of TOUAX SCA

Regulated agreements (article L.225-37-4, 2° French Commercial Code)

We present to you the status of the agreements referred to in articles L 225-38 et seq. of the French Commercial Code, concluded and duly authorised by the Supervisory Board of our Company. Those relevant people are Fabrice Walewski and Raphaël Walewski, managers of Touax SCA and managers and partners of SCI Franklin Location (with regard to SCI Franklin Location: until 30 October 2019 concerning Raphaël Walewski).

1) Sub-leasing agreement relating to commercial premises located at Tour Franklin in La Défense (the “Building”), authorised by the Supervisory Board on 11 September 2019 and concluded on 31 October 2019, between the Company and SCI Franklin Location.

The rented premises consist of:

(i) an office area of approximately 2,029 m², located on the 23rd floor of the Building, Lot No. 99

(ii) an archive area of approximately 265.8 m² located in the 7th basement of the Building, lots Nos. 18 and 19 as well as

(iii) the right to use 8 non-individualised parking spaces in the Wilson Sud car park.

The agreement is concluded under the following conditions:

The sublease is granted and accepted for an initial annual rent excluding taxes and charges broken down as follows:

For the office space: €390 excl. VAT/year/m², i.e. seven hundred and ninety-one thousand three hundred and ten euros excluding taxes and charges (€791,310 excl. taxes and charges)

For the premises used for archives: €195 excl. VAT/year/m², i.e. fifty-one thousand eight hundred and thirty-one euros excluding taxes and charges (€51,831 excl. taxes and charges);

Parking spaces: 1,500 excl.VAT and charges/year/parking space, i.e. twelve thousand euros excluding taxes and charges (€12,000 excl. taxes and charges) for the eight (8) parking spaces;

A TOTAL OF: EIGHT HUNDRED AND FIFTY FIVE THOUSAND HUNDRED FORTY AND ONE EURO EXCLUDING TAXES AND EXCLUDING CHARGES (€855,141 excl. taxes and charges).

The sublease is granted and accepted for a period of nine (9) full and consecutive years, including three (3) firm years, starting on 25 March 2020 and expiring on 24 March 2029.

These commercial premises serve as the headquarters of all the French entities of the Touax Group and accommodate around one hundred Group employees.

2) We are advising you of the continuation of the sublease agreement dating from 25 March 2011 until 24 March 2020 and relating to the rental by TOUAX SCA of commercial premises located at Tour Franklin in La Défense, as this agreement has been modified:
   - by endorsement dated 1 September 2015 with effect from 1 October 2015 then
   - by endorsement dated 21 June 2017 with effect from 1 July 2017.

This last authorisation was given by the Supervisory Board on 29 March 2017. The modifications to the lease relate to the reduction in the rented area and the fall in rents, and these modifications were motivated by a concern to make savings and reduce head office costs.

The amount of rents and charges excluding taxes recorded in the 2019 accounts is 839,833 euros between 1 January and 31 December 2019.

In addition, a procedure falling within the framework of the provisions of article L. 225-39 paragraph 2 of the French Commercial Code, as modified by law n ° 2019-486 of May 22, 2019 relating to growth and transformation of companies (known as the “Pacte” law) was approved by the Supervisory Board on March 25, 2020.

This procedure aims on the one hand, to recall the regulatory framework applicable to regulated agreements, and on the other hand, to identify and qualify the agreements to be submitted to the procedure of regulated agreements in order to distinguish them from free agreements, called "common agreements concluded under normal conditions”, which must be subject to regular evaluation in the light of the provisions of the “ Pacte ”law.

(i) The General Partners

TOUAX is a partnership limited by shares which has two general partners as mentioned in the statutory provisions.

The General Partners are SHGP, held and managed by Fabrice WALEWSKI and SHGL, held and managed by Raphaël WALEWSKI. The general partners own 19.79% of the share capital of TOUAX as of 31 December 2019. They are therefore also limited partners.

The general partners approved all the resolutions submitted to the shareholders' vote at the Combined General Meeting of 24 June 2019 and did not take part in the resolutions concerning the members of the supervisory board, in accordance with the law.

The remuneration of the General Partners is provided for under Article 15.5 of the articles of association and voted on by the Extraordinary General Meeting. This represents 3% of the Group’s share of consolidated net profit after tax, plus 1% of the TOUAX Group’s consolidated EBITDA, after deducting the leasing income due to investors. It decreased in 2019 compared to the 2018 financial year, to €128,000 for SHGP and SHGL. Since the General Partners are themselves corporations, no provisions have been set aside or recognized in respect of pensions or other benefits.

(ii) Management Board

Since July 28, 2005 the company has been managed and administered by a Management Board made up of the two Managing Partners, Fabrice and Raphaël WALEWSKI. They were appointed at the Extraordinary General Meeting of June 30, 2005 for an unlimited period. In accordance with the powers of the Supervisory Board and the Annual General Meeting, the powers of the Managing Partners are not limited.

Alexandre WALEWSKI (Chairman of the Supervisory Board), Raphaël WALEWSKI and Fabrice WALEWSKI are first-degree relatives.

In discharging their duties the Managing Partners are assisted by an Executive Committee and the senior management of the operational departments.

Meetings of the Management Board

The Management Board met 5 times in 2019. The main purpose of these meetings was:

- closing the annual individual and consolidated financial statements and closing the consolidated half-year financial statements;
- the issuance of a senior unsecured bond ;
- giving authorisation to sell property.

Mandates and positions of Raphaël WALEWSKI, Managing Partner (professional address : Touax, Kensington Pavilion, 96 Kensington High street, Londres W8 4SG, Royaume-Uni and Touax, Tour Franklin, 100-101 Terrasse Boieldieu, Paris La Défense, France)

Took office at TOUAX SA: director in 1994 (term of office expired on 28 July 2005),

Director General, Deputy Chief Executive Officer or President of TOUAX SA between 1998 and 2005,

Managing Partner of TOUAX SCA since 2005,

Age 53,

Swiss nationality.

Mandates and positions held during the 2019 financial year:

Within the TOUAX Group at 31 December 2019	TOUAX SCA, TOUAX Corporate SAS, TOUAX UK Ltd, Touax Corporation, Gold Container Corp, Touax Container Leasing Pte Ltd, Touax Container Financing Pte Ltd, TOUAX Africa SAS TOUAX Maroc Capital SARL, TOUAX MAROC SARL RAMCO SARL, TOUAX Rail Ltd, TOUAX Rail Finance Ltd, TOUAX Rail Finance 2 Ltd, TOUAX Rail India

	Ltd, TOUAX Rail India Finance Ltd, TOUAX River Barges SAS, TOUAX Leasing Corp., TOUAX Hydrovia Corp., Eurobulk Transport Maatschappij BV,CS de Jonge BV, TOUAX Hydro Lease Corp.
In former subsidiaries	TOUAX Solutions Modulaires SAS, TOUAX Module Asset SARL, TOUAX Espana SA, TOUAX SRO, TOUAX SK Sro, TOUAX BV, TOUAX NV, TOUAX Sp.zo.o, TOUAX Assets BV, SIKO Containerhandel GmbH, TOUAX Panama SA, TOUAX Modular Building USA, Llc TOUAX Côte d'Ivoire, TOUAX Industrie Modulaire Algérie SPA, TOUAX Rom SA
Other	Société Holding de Gestion et de Location, SCI Franklin Location (until 30 October 2019), Touax management Sarl

Raphaël WALEWSKI did not directly hold any shares in TOUAX SCA on 31 December 2019.

Mandates and positions of Fabrice WALEWSKI, Managing Partner (professional address : Touax, Kensington Pavilion, 96 Kensington High street, Londres W8 4SG, Royaume-Uni and Touax, Tour Franklin, 100-101 Terrasse Boieldieu, Paris La Défense, France)

Took office at TOUAX SA: director in 1994 (term of office expired on July 28, 2005),

Director General, Deputy Chief Executive Officer or President of TOUAX SA from 1998 to 2005,

Managing Partner of TOUAX SCA since 2005,

Age 51,

French citizen.

Mandates and positions held during the 2019 financial year:

Within the TOUAX Group at 31 December 2019	TOUAX SCA, TOUAX Corporate SAS, TOUAX UK Ltd, Touax Corporation, Gold Container Corp, Touax Container Leasing Pte Ltd, Touax Container Investment Ltd, Touax Container Financing Pte Ltd, TOUAX Container Services SAS TOUAX Africa SAS, TOUAX Rail Ltd, TOUAX Rail Finance Ltd, TOUAX Rail Finance 2 Ltd, TOUAX Rail India Ltd, TOUAX Rail India Finance Ltd, TOUAX Texmaco Railcar Leasing Pte, Dunavagon S.r.o., DV 01, TOUAX Hydrovia Corp., TOUAX Container Asset Financing Ltd, TOUAX Hydro Lease Corp.
In former subsidiaries	TOUAX Espana SA, TOUAX NV, TOUAX Sp.zo.o, TOUAX Modular Building USA, Llc
Other	Société Holding de Gestion et de Participation, SCI Franklin Location, Touax management Sarl

Fabrice WALEWSKI did not directly hold any shares in TOUAX SCA on 31 December 2019.

Powers of the Managing Partners

Article 11.4 of the Articles of Association defines the powers of the Managing Partners.

(iii)The Executive Committee

Composition

The Executive Committee currently has seven members:

Raphaël WALEWSKI	Managing Partner (since June 1994)
Fabrice WALEWSKI	Managing Partner (since June 1994)
Stephen PONAK	Managing Director – Asset Management (since January 1998)

Thierry SCHMIDT de La BRÉLIE	Managing Director - Finance Director (since March 2005)
Marco POGGIO	General Manager of the Shipping Containers Division (joined in September 2017)
Jérôme LE GAVRIAN	General Manager of the Freight Railcars division (since June 2014)
Didier BACON	General Manager of the River Barges division (joined in October 2017)
Torsten WOLF	Director General of strategy and M&A (since January 2015)

Functioning

The management committee ensures the effective management and steering of the Group through regular meetings, generally held twice a month.

Its main missions are:

- to develop the Group's strategy and investment and financial strategies,
- to monitor and control the Group's businesses,
- to monitor and manage risks,
- to monitor investment and transfer decisions made by the decision-making bodies of the subsidiaries.

Financial committee meetings of a technical nature are also held among certain members of the committee.

Diversity policy

Members of various nationalities (Swiss, French, American, Italian and German) give the Committee a multicultural dimension.

In addition, the fight against discrimination and the promotion of diversity are strong commitments of the Company, implemented through an ethical charter. This charter is an integral part of the company's internal regulations and is published on the company website: https://www.touax.com/en/documents

It has been sent to all French employees and has been translated and distributed to all foreign entities.

Touax also drawn up a Charter to prevent discrimination in the workplace. Because of the international nature of the Group, our different entities bring together a wide variety of cultures and nationalities. This Charter is our way of making an even stronger commitment to our values when it comes to diversity, and we see it as a key asset, essential for the dynamic growth and evolution of the Touax Group. The diverse origins of our teams stimulate creativity and allow us to better understand our customers. The Charter was sent to all of our employees in French and/ or in English. It contains specific definitions on the concept of discrimination, whether direct or indirect. It covers the 25 usual grounds of discrimination adopted by the laws that apply to our employees around the world (ethnicity, religion, sex, political opinion, age, disability, etc.), and by extension, includes reminders on the concept of harassment in the workplace. To reinforce this commitment to diversity, the Charter establishes a formal process for handling complaints related to acts of discrimination or harassment. These principles are also incorporated into the internal regulations of our legal entities in order to give them all the binding force required for their protection.

The officers are convinced that diversity, in other words, the variety of human profiles, is a driver of innovation, performance and quality of life within the company and therefore seeks to diversify the talent profiles that accompany the growth of the group.

The Company also encourages more women in executive roles. Since March 1, 2020, the Touax group companies in France must calculate and communicate their index relating to professional equality between men and women in accordance with the provisions of the Labor Code. The score for the Touax France SEU is 88/100. This score is published on the website https://www.touax.com/en/company/values. It has also been properly communicated to the competent labor inspectorate.

As this index is greater than 75 points, the company is not obliged to implement corrective measures before 3 years.

(iv) Supervisory Board

Diversity policy

The Supervisory Board examines the review of its composition and proposals for renewal submitted to the Annual Meeting of Shareholders for approval, on the desirable balance of its composition and that of the Audit Committee, established within it, particularly in terms of diversity.

This diversity, a source of growth and performance, ensures the quality of the Board's debates and decisions and contributes to the effectiveness of the Committee's work.

To achieve this, the Board has put in place a policy for the composition of governance bodies aimed at:

- A balanced representation of men and women on the Supervisory Board (50/50);
- Bringing together the skills required for the development and implementation of the Company's strategy;
- Securing the continuity of the Board, through regular staggering of the mandates;
- A high proportion of independent members (80%), guaranteeing freedom of speech and independence of judgement;

- Promoting a diversity of skills and experiences;
- A balance between ages and seniority, with members who have been in office for a number of years and with in-depth knowledge of the group, and members who bring a new experience that can serve the interests of the group and in particular its growth.

The Board shall ensure that each change in its composition and, wherever possible, that of the Audit Committee is consistent with this policy.

In particular, the Board ensures that the skills of its members are varied, complementary and balanced, allowing for a thorough understanding of the Company's development issues and informed, independent and quality decision-making.

These skills are detailed in the biographies of the Board members which also describe the experience and expertise of each of them.

In view of the elements set out above and with regard to the diversity policy implemented by the Company, the Supervisory Board considers that its composition for the 2019 financial year is relevant.

Balanced composition of the Supervisory Board

In accordance with legal provisions and the Articles of Association, the Supervisory Board comprises a minimum of three and a maximum of twelve members, appointed by the Annual General Meeting of Shareholders. The term of office of the members of the Supervisory Board starts from the Annual General Meeting of 21 June 2017 and lasts 3 years, it being specified that the renewal of the members of the Board is now staggered.

Each member must hold at least 250 shares in TOUAX SCA, in accordance with article 12.2 of the articles of association.

Selecting members of the Supervisory Board

When each member of the Supervisory Board is appointed or re-appointed, information on their experience and skills is provided to shareholders.

At the date of the report, the Supervisory Board was made up of 6 members. The members were all appointed or renewed for one, two or three years by the Annual General Meeting of 24 June 2019 which they attended.

The Group does not fulfil the conditions for appointing a member representing the employees pursuant to article L.225-79-2 of the French Commercial Code.

There is no representative member of the Supervisory Board.

On 31 December 2019, the members of the Supervisory Board do not belong to the Group's workforce and do not have other duties within the Group.

Proportion of women on the Supervisory Board

On 31 December 2019, there were three women among the six members of the Board, which makes TOUAX lawful in terms of the representation of women.

Qualification of independence of members

The Middlenext Code specifies that a member of the Supervisory Board must not hold a "*financial, contractual, family relationship or one of significant proximity that is likely to affect the independence of the judgement*".

In order to qualify one of its members as independent, the Board reviews the status of each member with regard to the following criteria:

- not being an employee or corporate officer of the company or a company in its Group and not having been this in the last 5 years;
- not having a significant business relationship with the company or its group (customer, supplier, service provider, creditor, banker, etc.) and not having had this in the past 5 years;
- not being a reference shareholder of the Company or holding a significant percentage of voting rights;
- not having any close family ties with a corporate officer or shareholder;
- not having been an auditor of the company in the past 6 years.

The appointment as an independent member of the Supervisory Board was discussed by the Supervisory Board on 28 March 2019. The situation of each member was examined. The Supervisory Board concluded that out of the 6 in post 5 of them were considered independent. The independent members are listed below.

Work of the Supervisory Board

The Board wishes to point out that it conducts its work above all in a collegiate manner, with respect for ethical values, the law, regulations and recommendations.

In accordance with legal provisions and the Articles of Association, the Supervisory Board continually monitors the management of the company. The work of the Board is organised by its Chair. The main topics for which the Board met in 2019 include:

Monitoring of the Group's principal orientations	- Review of the action plans of each division - Assessment of various financial opportunities (funding and various projects) - Business market
Financial position and cash	- 2020 Budget - 2018 annual and 2019 half-yearly consolidated financial statements - 2018 annual individual financial statements - Evolution of the activity, the financial situation and the statement of net financial debt of the company and the Group and review of the action plans - Review of press releases relating to annual and interim financial statements
Company administration and internal control	- Adoption of the report of the Chair of the Supervisory Board on the 2018 company administration and internal control and risk management procedures - Adoption of the 2018 report of the Supervisory Board - Review of the classification of independence of the members of the Supervisory Board
Other topics	- Presentation of the resolutions at the general meeting - Deliberation on gender equality - Annual review of regulated agreements

The Chairman:

- receives the documents prepared by TOUAX internal departments under the authority of the Managing Partners;
- organises and manages the work of the Supervisory Board;
- ensures that the members of the Board are able to carry out their brief, and in particular makes sure that they have the information and documents needed to carry out their brief.

Participation of members

The Supervisory Board is convened by its Chairman or the Management Board subject to two weeks' notice by email except in an emergency. The Supervisory Board met 4 times during the 2019 financial year. The attendance rate was 94%.

Attendance of the members of the Supervisory Board at Board meetings in 2019:

Member of the Supervisory Board	Number of sessions attended
Jérôme BETHBEZE	4, equal to 100%
François SOULET DE BRUGIERE	4, equal to 100%
Alexandre WALEWSKI	4, equal to 100%
Julie de GERMAY	3, equal to 75%
Marie FILIPPI	3, equal to 75%
Sylvie PERRIN	4, equal to 100%

The statutory auditors are invited to the meetings of the Supervisory Board that inspect the annual or half-year financial statements.

The regulations applicable to securities transactions by insiders apply to members of the company's Supervisory Board.

Rules of procedure of the Supervisory Board

The work of the Supervisory Board is governed by rules of procedure that are intended to complete the laws, regulations and Articles of Association, which the Board and its members do of course respect.

The internal regulations specify in particular the operating procedures of the Board and that of its audit committee, the composition of the Board, the information given, the duties and the code of ethics of the members.

These rules are likely to be amended by the Board, in view of changes in the law and regulations, and also in its own method of functioning. The last modification is dated 29 March 2017 to reflect the new requirements of the Middlenext Code.

Rules of ethics of the members of the Supervisory Board

Each member of the Supervisory Board is made aware of their responsibilities at the time of their appointment and is encouraged to observe the rules of conduct relating to their mandate, namely, in particular, to comply with the legal rules relating to multiple directorships, to inform the board in case of a conflict of interest arising after obtaining their mandate, to attest to their diligence at board meetings and annual general meetings, to ensure they have all the information necessary in relation to the agenda of board meetings before making any decision and to respect professional confidentiality.

The internal regulations provide that "*generally, the Board must regularly review members' conflicts of interest and, at least once a year or when they are appointed, request a declaration from each member on situations of conflict of interest.* »

Informing members of the Supervisory Board

Documents allowing members of the Supervisory Board to vote in full knowledge of the items on the agenda are communicated electronically to members of the Supervisory Board at least one week before the board meeting. However, it may be that certain documents are sent closer to the date of the board meeting.

In addition, members of the Supervisory Board are regularly informed between meetings whenever the Group's current situation warrants this.

Minutes of the meetings of the Supervisory Board

The Supervisory Board appoints a secretary at each meeting. The secretary draws up the minutes of the meeting which are validated by the Chairman and submitted for approval to the next Board meeting. They are then signed by the Chairman and a member of the Board, and included in the minute book.

Assessment of the functioning of the Supervisory Board

The members of the Board discussed the functioning of the Board and the preparation of its work in December 2019 through a written assessment, the summary of which was presented to the Board on 25 March 2020. Since the last written evaluation carried out in 2014, the functioning of the Supervisory Board has improved globally and more particularly in relation to the duration of meetings and the information given to the members. Board members have nonetheless stated that one area for improvement is better management of the deadlines for sending documents prior to Board meetings. They consider that they have total freedom of judgement. This freedom of judgement enabled them to take part in the Board's work and collective decisions with total independence.

The Supervisory Board considers that it is in a position to exercise its supervisory mission in a constructive manner.

The remuneration of the Supervisory Board amounted to €63,000 in the 2019 financial year as detailed below.

The Ordinary General Meeting of 24 June 2020 will be invited to approve remuneration of €63,000 for the 2020 financial year, exactly as it was in 2019.

The audit committee set up by the Supervisory Board

The Supervisory Board has elected to be assisted by an audit committee.

Le comité d'audit est composé de 3 membres, Madame Sylvie PERRIN, Présidente du Comité d'audit, et Messieurs Alexandre COLONNA WALEWSKI et Jérôme BETHBEZE, respectivement Président et membre du Conseil de Surveillance. Le parcours et l'expérience des trois membres sont décrits ci-dessous. Ces trois membres ont été choisis pour leurs compétences, financières et juridiques, et leur expérience du Groupe TOUAX.

Le comité d'audit intègre deux membres indépendants qui sont Sylvie PERRIN et Jérôme BETHBEZE.

Creation

The Audit Committee was created at the meeting of the Supervisory Board of January 30, 2006. Its brief began with the 2005 financial statements.

The Audit Committee has 3 members, Mrs Sylvie PERRIN, Chairman of the Audit Committee, and Mr Alexandre COLONNA WALEWSKI and Jérôme BETHBEZE, respectively Chairman and Member of the Supervisory Board. The background and experience of the three members is described below. These three members were selected for their financial expertise and their experience of the TOUAX Group.

The audit committee includes two independent members who are Sylvie PERRIN and Jérôme BETHBEZE.

Functioning

The Audit Committee met twice in 2019, prior to the Board Meetings. The attendance rate was 100%.

It dealt with the following matters in particular:

- review of the 2017 consolidated financial statements and the 2018 half-yearly financial statements;
- checking that the accounting and financial reporting process complies with legal and statutory requirements;
- checking the existence of a procedure to identify, analyse and monitor risks, in particular financial risks;
- examining the Statutory Auditors' annual audit programmes.

During its meetings the Audit Committee held discussions with, in particular, the Statutory Auditors, the Administration and Finance Officer and the Managing Partners. The documents transmitted include the report of the Statutory Auditors on their work. The Audit Committee can have recourse to external advice.

Only independent members of the Audit Committee receive remuneration in the form of attendance fees related to their actual attendance at meetings.

Introduction of the 6 members of the Supervisory Board

Alexandre COLONNA WALEWSKI – Chairman of the Supervisory Board and member of the Audit Committee

(professional address : Touax, Tour Franklin, 100-101 Terrasse Boieldieu, Paris La Défense, France)

Date of 1st appointment to TOUAX SCA and mandates fulfilled	**Director from 1966 to 30 June 2005** **Chief Executive Officer from July 1977 to December 1997** **Member of the Supervisory Board since June 30, 2005** **Chairman of the Supervisory Board since September 29, 2005**
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 24 June 2019. Expiry at the Annual General Meeting called to approve the financial statements for the 2021 financial year.
Independent director	no Family relationship with the Managing Partners Holds 12% of the share capital and 10% of the voting rights of TOUAX SCA and is part of the WALEWSKI concert
Member of a Committee	Member of the Audit Committee
Mini CV	Alexandre WALEWSKI was the manager of the Group for 20 years
Age:	86
Nationality:	French
Number of TOUAX shares held at 31 December 2019	814,854 shares
Mandates and positions held in any company during the 2019 financial year (other than TOUAX SCA)	None

Jérôme BETHBEZE – member of the Supervisory Board and member of the Audit Committee

(professional address : Quilvest Banque Privée SA, 243 boulevard Saint Germain, 75007 Paris, France)

Date of 1st appointment to TOUAX SCA and mandates fulfilled	Director from June 28, 2004 to June 30, 2005 Member of the Supervisory Board since June 30, 2005
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting called to approve the financial statements for the 2019 financial year. That meeting will be asked to renew his term of office for a further three years.
Independent director	Yes
Member of a Committee	Member of the Audit Committee
Mini CV	Jérôme Bethbèze has gained financial expertise, thanks to over 25 years' experience working in financial institutions. For about twenty years he has carried out various management duties in the Quilvest group
Age:	57

Nationality:	French
Number of TOUAX shares held at 31 December 2019	417 shares
Mandates and positions held in any company during the 2019 financial year (other than TOUAX SCA)	Member of the Management Board and employee of Quilvest Banque Privée

François SOULET DE BRUGIERE, member of the Supervisory Board

(professional address : Dauphin Vert AE, 19 avenue des Pinsons, 33115 Pyla sur Mer, France)

Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 18, 2008
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 21 June 2017. Expiry at the Annual General Meeting called to approve the financial statements for the 2019 financial year. That meeting will be asked to renew his term of office for a further three years.
Independent director	Yes
Member of a Committee	No
Mini CV	François Soulet de Brugière has spent almost all his career in the shipping industry, and has very extensive knowledge of the issues in this sector.. He has also held management positions for very many years.
Age:	66
Nationality:	French
Number of TOUAX shares held at 31 December 2019	422 shares
Mandates and positions held in any company during the 2019 financial year (other than TOUAX SCA)	Chairman of the Supervisory Board of the Grand Port Maritime of Dunkirk (non salaried) Delegate chairman of the Union of Ports of France (non salaried) Member of the Superior Council of the Merchant Navy (UPF mandate - non salaried)

Marie FILIPPI, member of the Supervisory Board

(professional address : PIASA, 118 rue du Faubourg Saint Honoré, 75008 Paris, France)

Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 9, 2016
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 20 June 2018. End of term at the General Meeting called to approve the financial statements for the 2020 financial year.
Independent director	Yes
Member of a Committee	No
Mini CV	For more than 25 years, Marie Filippi has acquired financial expertise in banking and financial institutions, both in France and the United Kingdom. She currently holds the position of Director General of Piasa. She also holds an MBA from HEC.
Age:	56

Nationality:	French
Number of TOUAX shares held at 31 December 2019	1,000 shares
Mandates and positions held in any company during the 2019 financial year (other than TOUAX SCA)	Managing Director of Piasa SA Director of the SLGP PRIGEST PERLES SICAV - Swiss Life Private Banking

Sylvie PERRIN, member of the Supervisory Board and Chairman of the Audit Committee

(professional address : De Gaulle Fleurance & Associés, 9 rue Boissy d'Anglas, 75008 Paris, France)

Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 9, 2016
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 24 June 2019. End of term at the General Meeting called to approve the financial statements for the 2021 financial year.
Independent director	Yes
Member of a Committee	Chairman of the Audit Committee
Mini CV	Sylvie Perrin is a partner in the law firm De Gaulle Fleurance & Associés. She specialises in all areas related to project and asset financing. She has extensive experience in financing in the fields of renewable energy, rail and road transport and industrial infrastructure. She works on both French and international projects.
Age:	53
Nationality:	French
Number of TOUAX shares held at 31 December 2019	500 shares
Mandates and positions held in any company during the 2019 financial year (other than TOUAX SCA)	Partner of the firm De Gaulle Fleurance & Associés

Julie de GERMAY, member of the Supervisory Board

(professionnal address : House & Co, 72 rue du Faubourg Saint Honoré, 75008 Paris, France)

Date of 1st appointment to TOUAX SCA and mandates fulfilled	Member of the Supervisory Board since June 21, 2017
Expiry of term of office as member of the Supervisory Board	Period of three years with effect from the Ordinary General Meeting of 20 June 2018. End of term at the General Meeting called to approve the financial statements for the 2020 financial year.
Independent director	Yes
Member of a Committee	No
Mini CV	After around 7 years experience in the advertising world, for the last 15 years, Julie de Germay has been managing a service structure that helps foreign customers to manage their Parisian heritage. She has also had more than 10 years experience in various investment holding companies (SMEs and industrial companies)
Age:	48

Nationality:	French
Number of TOUAX shares held at 31 December 2019	250 shares
Mandates and positions held in any company during the 2019 financial year (other than TOUAX SCA)	Director of JBDC Member of the Supervisory Board of GYS Manager of the company House & Co. Executive Director of FNB 4

(v) General meetings

Participation in the Annual General Meetings is limited to the shareholders of TOUAX SCA, regardless of the number of shares that they hold. Articles 16 to 18 of the Articles of Association contain the provisions on the collective decisions of the general partners and the limited partners.

Shareholder credentials

Registered stockholders

Holders of registered shares do not have to carry out any formalities to prove that they are stockholders.

Holders of bearer shares

Holders of bearer shares must prove their ownership by requesting a certificate of stockholder status from their financial intermediary (bank or stockbroker which manages the securities account in which the TOUAX shares are registered). This certificate must be submitted together with an admission card to the TOUAX SCA legal department.

The shares must have been registered or the certificate submitted no later than midnight (Paris time) at least two working days before the date of the Annual General Meeting.

Proof of identity must be shown on entering the General Meeting.

Voting rights

Stockholders may exercise their voting rights in one of four ways:

- **by attending the General Meeting in person** : an admission card must be requested from the Company Secretary's department of TOUAX SCA. If, however, this admission card is not received in time, holders of bearer shares may nevertheless attend the meeting provided that they present a certificate of shareholder status issued by the intermediary holding the account within the 3 days preceding the General Meeting;
- **giving proxy to the Chair of the Meeting**;
- **giving proxy to any person of their choice** (spouse, partner with whom a civil solidarity pact has been concluded, another TOUAX SCA shareholder or any other physical person or legal entity of their choice);
- **by postal vote**.

For those unable to attend the General Meeting in person, a single form for postal or proxy voting is available to shareholders on request by registered letter with acknowledgement of receipt received at the registered office at least six days before the meeting.

To be valid this form must be filled in, signed, and have reached the registered office at least three days before the meeting. Owners of bearer shares must enclose their certificate of stockholder status with the form.

However, if the sale of securities takes place before 0.00 a.m. CET on the third working day preceding the Meeting, the company will invalidate or modify accordingly, depending on the case, the postal vote, the proxy, the admission card or the certificate of participation. For this purpose, the authorized intermediary holding the account will notify the company of the sale and give it the necessary information. If the shares are sold after that time, the certificate of shareholder status will remain valid, and the assignor's vote will be counted.

Delegations granted by the Annual General Meeting and used in 2019

The General Meeting of shareholders of 20 June 2018 and 24 June 2019, with the unanimous agreement of the General Partners, delegated the following issue authorisations to the Management Board:

Description of authorisations	authorisation date	due date	authorised ceilings	use during 2019	total amount used
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with retention of preferential subscription rights	Combined General Meeting of 20 June 2018 (10th resolution)	19 août 2020	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital by the issue of shares and/or securities giving immediate or future access to the capital of the company with suppression of preferential subscription rights by offer to the public but with a priority time period	Combined General Meeting of 20 June 2018 (11th resolution)	19 août 2020	maximum nominal amount of capital increases that may be realised immediately and/or in the future: **€20 million (1)**	not used	none
Increase the share capital resulting from excess demands	Combined General Meeting of 20 June 2018 (12th resolution)	19 août 2020	maximum of 15% of the initial issue	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a category of persons	Combined General Meeting of 24 June 2019 (10th resolution)	23 décembre 2020	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €960,000 (2)	not used	none
Issue share subscription warrants (BSA), subscription and/or acquisition warrants of new and/or existing shares (BSAANE) and/or subscription and/or acquisition warrants of new and/or existing redeemable shares (BSAAR), without preferential subscription rights in favour of a person specifically appointed	Combined General Meeting of 24 June 2019 (11th and 12th resolutions)	23 décembre 2020	overall nominal amount of the shares to which the warrants issued pursuant to this delegation may give rise: €320,000 (2)	not used	none

(1) Ceiling of €20 million authorised for all share capital increases in par value.
(2) Independent ceiling.

23.2.5.Remuneration of corporate officers

23.2.5.1. Remuneration policy for corporate officers ("ex-ante vote")

As part of the *ex-ante* vote provided for in Article L. 226-8-1 II. of the French Commercial Code, the remuneration policy applicable to Managers and members of the Supervisory Board is subject to draft resolutions (6th and 7th) subject to the approval of the Combined General Meeting of 24 June 2020 and to the unanimous agreement of the general partners. This policy will be submitted each year and at each significant change in the remuneration policy to the vote of the General Meeting and to the unanimous agreement of the general partners.

Remuneration policy applicable to Managers, Messrs. Fabrice and Raphaël Colonna Walewski

Composition of the remuneration of the Managers

In accordance with article 11.5 of the Company's articles of association, the annual remuneration allocated to each manager under the general social security system is set as follows:

- a fixed gross portion amounting to €129,354, together with benefits in kind up to a limit of 15% of the fixed salary, it being specified that this amount does not include the attendance fees, payments or repayments of expenses received by the Managing Partners in respect of corporate mandates or duties performed in any of the company's subsidiaries, up to a limit of €80,000 per Managing Partner;
- A gross amount of €850 per day during business trips outside France, as a family separation allowance.

The General Partners may only adjust these amounts within the limit of the cumulative change in the annual inflation rate published by the French national institute of statistics and economic studies (INSEE).

- A variable portion not exceeding 1% of the TOUAX Group's consolidated EBITDA, after deducting the leasing income due to investors. From the financial year 2007, the variable part will be equal to a maximum of 0.5% of the TOUAX Group's consolidated EBITDA less the leasing income due to investors. For the purposes of this calculation, it is specified that the EBITDA is the consolidated gross operating surplus after deducting the net operating provisions.

The General Partners are free to determine the methods of payment of the Managing Partners' compensation, and may limit its amount. The variable portion is paid, following the General Partners' decision, within sixty (60) days of the General Meeting called to approve the financial statements,

This compensation may be modified at any time by decision of the General Meeting of Shareholders on the proposal of the General Partners after consulting the Supervisory Board, provided both General Partners agree.

All travel and hospitality expenses incurred by a Managing Partner in the interests of the company will be paid by the company.

In addition, it is specified, in application of article R. 226-1-1 of the French Commercial Code, that the Managers do not benefit from:

● any remuneration in shares

● any element of remuneration, indemnities or benefits due or likely to be due as a result of the termination or a change of functions, or subsequent thereto, or conditional rights granted under retirement commitments

● any conditional commitment or right

● any commitment relating to the granting of a non-competition indemnity.

The Managers are appointed for an unlimited period. They are revocable at any time without reason, by unanimous decision of the general partners.

This remuneration respects the corporate interest of the Company and therefore contributes to its sustainability.

Decision-making process for determining, reviewing and implementing the remuneration of the Managers

The current remuneration of the Managers was fixed at the Combined General Meeting of shareholders on 18 June 2008 (from financial year 2007), it was applied consistently and has not been subject to modification since then.

Pursuant to Article L. 226-8-1 of the French Commercial Code, the elements of this remuneration policy applying to Managers have been approved by the general partners, following an advisory opinion from the Supervisory Board held on 25 March 2020.

In addition, it is specified, in application of article R. 226-1-1 of the French Commercial Code, that:

● the Company does not have a Remuneration Committee, taking into account the statutory remuneration of the Managers, however any change in this remuneration must be the subject of a prior opinion of the Supervisory Board

● the decision-making process implemented within the Company involving a double level of approval, after prior opinion of the Supervisory Board as mentioned above, by the general partners and the General Meeting, prevents any potential conflicts of interest

● similarly to the overall budget for the increase in employees of Touax Group entities, the fixed salaries of managers and the level of daily allowances for travel are revalued up to the level of inflation observed in the countries where these sums are paid.

Remuneration policy applicable to members of the Supervisory Board

Composition of the remuneration of the members of the Supervisory Board

Members of the Supervisory Board can receive annual remuneration determined by the General Meeting amounting to €63,000.

The distribution of the global budget granted by the General Assembly is divided into a fixed part worth half and a variable part for the other half. The variable part is distributed among its members according to their attendance at Board meetings.

This remuneration is doubled for the Chairman of the Supervisory Board, for the fixed and variable part.

The independent member(s) of the audit committee are also paid out of this overall budget based on their attendance at meetings of the audit committee.

The members of the Supervisory Board may also receive exceptional remuneration, in accordance with article L. 225-84 of the Commercial Code, for specific missions or mandates entrusted by the Board, as well as for reimbursement of travel and travelling expenses incurred by them during these specific missions or mandates.

Participation in meetings of the Supervisory Board

Annual fixed share allocated to the Chairman	€8,571.43
Annual fixed share allocated to each member	€4,285.71
Variable share allocated to the Chairman*	€8,571.43
Variable share allocated to each member*	€4,285.71

**For 100% presence of the interested party and all other members*

Participation in Audit Committee meetings

Annual fixed share allocated to each independent member	€750
Annual variable share allocated to each independent member*	€750

**For 100% presence of the interested party and all other members*

The following elements are specified:

● the variable part is paid even in the event of participation in a meeting by video conference or telecommunication means

● following their appointment and /or resignation, the member of the Board or of the Committee receives the fixed part of their remuneration at *pro rata temporis* over the year

● tax and social security contributions are paid directly by the Company to the tax authorities.

In accordance with the provisions of the Internal Regulations, members of the Supervisory Board may also receive exceptional remuneration, in accordance with Article L. 225-84 of the French Commercial Code, for specific missions or mandates entrusted by the Board, as well as the reimbursement of travel and travel expenses incurred by them during these specific missions or mandates.

The remuneration policy applicable to members of the Supervisory Board does not provide for the possibility of derogating from its application in the event of exceptional circumstances or, for the Company, requesting the return of variable remuneration. It also does not provide for any deferral periods or performance criteria.

In addition, it is specified, in application of article R. 226-1-1 of the French Commercial Code, that the members of the Supervisory Board do not benefit from:

● any remuneration in shares

● any element of remuneration, indemnities or benefits due or likely to be due as a result of the termination or a change of functions, or subsequent thereto, or conditional rights granted under retirement commitments

● any conditional commitment or right

● any commitment relating to the granting of a non-competition indemnity.

The remuneration allocated to the members of the Board compensates their participation in the work of the Supervisory Board and the Audit Committee set up within it, as well as their responsibility for controlling the Company. Its objective is to attract and retain quality professionals, capable of maintaining the desired balance in the skills and expertise deemed necessary to exercise relevant control over the Company and in accordance with the diversity policy adopted by the Supervisory Board.

Their term of office is three years at most. It ends at the end of the Ordinary General Meeting which decides on the accounts of the past financial year and held in the year during which their mandate expires; members of the Supervisory Board are eligible for re-election. The members of the Supervisory Board may be dismissed under the conditions provided for by law.

Decision-making process for determining, reviewing and implementing the remuneration of members of the Supervisory Board

The remuneration policy for members of the Supervisory Board, including the methods for distributing the remuneration, are defined in Article 13 of the Board's Internal Regulations. It is adopted by the Supervisory Board, which determines the maximum overall amount of the remuneration to be submitted for approval to the General Meeting of shareholders.

The maximum annual amount for the budget is authorised by the General Meeting.

The Ordinary and Extraordinary General Meeting of 24 June 2019 allocated to the Supervisory Board a maximum total gross annual sum of €63,000 for the 2019 financial year. The methods for distributing this remuneration to the members of the Board were adopted by the Supervisory Board on 29 March 2017.

Pursuant to Article L. 226-8-1 of the French Commercial Code, the elements of this remuneration policy applying to members of the Supervisory Board were approved by the Supervisory Board which was held on 25 March 2020.

In addition, it is specified, in application of article R. 226-1-1 of the French Commercial Code, that:

● the decision-making process implemented within the Company involving a double level of approval by the general partners and the General Meeting, prevents any potential conflicts of interest

● similarly to the overall budget for the increase in employees of Touax Group entities, the fixed salaries of managers and the level of daily allowances for travel are revalued up to the level of inflation observed in the countries where these sums are paid.

23.2.5.2. Implementation of the remuneration policy for corporate officers for the year ended 31 December 2019 ("*ex-post* global" vote)

As part of the *ex-post* global vote provided for in Article L. 226-8-2 I. of the French Commercial Code, the information mentioned in I of Article L. 225-37-3 of the French Commercial Code is subject to a draft resolution (8th) submitted for approval by the Combined General Meeting of 24 June 2020 and the unanimous agreement of the general partners.

Remuneration paid and/or allocated to Managers on a consolidated scope for the year ended 31 December 2019

Information mentioned in I of article L. 225- 37- 3 of the French Commercial Code

	Salaries paid in 2019 (in €)					
	Fixed	*Variable paid for 2019*	*Variable paid for 2018*	*Total paid in 2019*	*of which paid by TOUAX SCA*	*of which paid by other group companies*
Raphael Walewski	*393,864.70*	*35,132.63*	*70,911.30*	*499,908.63*	*25,010.16*	*474,898.47*
Fabrice Walewski	*416,546.70*	*102,604.47*	*37,688.38*	*556,839.55*	*24,570.90*	*532,268.65*

Details of the sums due for 2019 according to the articles of association (in €)									
	Statutory Fixed Salary	*Tokens and reimbursement of statutory costs*	*Statutory benefit*	*Statutory Travel Bonus*	*Statutory variable*	*Total due for 2019*	*Total paid in 2019*	*of which variable balance paid in 2019 for 2018*	*Variable balance payable in 2020 in respect of 2019*
Raphael Walewski	*156,838.00*	*96,998.00*	*23,525.70*	*116,503.00*	*184,490.00*	*578,354.70*	*499,908.63*	*-70,911.30*	*149,357.37*
Fabrice Walewski	*156,838.00*	*96,998.00*	*23,525.70*	*139,185.00*	*184,490.00*	*601,036.70*	*556,839.55*	*-37,688.38*	*81,885.53*

Total executive corporate officers of TOUAX SCA - consolidated scope = €1,179,391.40.

The statutory variable remuneration is around 31% of the total statutory remuneration in 2019.

The following presentation was made in accordance with the provisions of Ordinance no 2019-1234 and its implementing decree no 2019-1235, transposing the European Directive of 17 May 2017 on the long-term commitment of shareholders ("SRD II") and supplementing the system implemented by the so-called "Sapin II" law, in order to ensure immediate compliance with the new transparency requirements in terms of remuneration of corporate officers.

It takes account of the ratio between the remuneration of the Managers and the average and median remuneration on a full-time equivalent basis of the employees of the Touax group, other than corporate officers, over the past 5 years:

	Financial year 2019	Financial year 2018	Financial year2017	Financial year2016	Financial year2015
Raphaël Walewski	499 909	515 400	410 600	436 300	519 500
Ratio on average remuneration	10,4	12,2	10,6	12,9	15,3
Ratio on median remuneration	14,3	20,5	19,7	16,0	24,1
Ratio on annual SMIC	27,4	28,7	23,1	24,8	29,7
Fabrice Walewski	556 839	544 400	437 900	444 800	509 200
Ratio on average remuneration	11,6	12,9	11,3	13,1	15,0
Ratio on median remuneration	16	21,6	21,1	16,3	23,6
Ratio on annual SMIC	30,5	30,3	24,7	25,3	29,1

Remuneration paid and/or allocated to members of the Supervisory Board on a consolidated scope for the year ended 31 December 2019

Information mentioned in I of article L. 225- 37- 3 of the French Commercial Code

Member of the Supervisory Board	Gross remuneration received for 2019
Alexandre WALEWSKI	€17,802.20
Jérôme BETHBEZE	€11,151.10
Marie FILIPPI	€7,747.25
Julie de GERMAY	€7,747.25
Sylvie PERRIN	€9,651.10
François SOULET DE BRUGIERE	€8,901.10
TOTAL	**€63,000.00**

In accordance with the remuneration policy applicable to members of the Supervisory Board presented above, total gross remuneration of €63,000 was paid by the Company for the financial year ended 31 December 2019 to members of the Supervisory Board and the Audit Committee established within this, the breakdown of which is shown above. The average gross amount of remuneration per member of the Supervisory Board is €10,500.

Tax and social security contributions are paid directly by the Company to the tax authorities.

The relative proportion of fixed remuneration therefore represents around 50% of total remuneration.

Remuneration paid or allocated to members of the Supervisory Board by a company included in the scope of consolidation under the terms of article L. 233-16 of the French Commercial Code (5° of article L. 225-37-3 I. of the French Commercial Code)

Alexandre Walewski received an expenses reimbursement package of $48,175 thousand per quarter as part of his trips to carry out his mission as chairman of the Supervisory Board, for a total of $192,700 in 2019.

23.2.5.3. Remuneration paid and/or allocated to the Chairman of the Supervisory Board and to the Managers (individual "ex-post vote ")

As part of the *ex-post* individual vote provided for in Article L. 226-8-2 II. of the French Commercial Code, the fixed, variable and exceptional elements making up total remuneration and the benefits of any kind, paid during the financial year ended 31 December 2019 or allocated for the same financial year, to the Chairman of the Supervisory Board and to the Managers of the Company are subject to separate draft resolutions (9th, 10th and 11th) submitted for the approval of the Combined General Meeting of 24 June 2020 and the unanimous agreement of the general partners.

Remuneration paid and/or allocated to the Chairman of the Supervisory Board for the year ended 31 December 2019

Remuneration (ex attendance fees)	€17,802.20
Travel expense reimbursement	USD 192,700

Remuneration paid and/or allocated to Fabrice Colonna Walewski, Manager, for the year ended 31 December 2019

In accordance with the remuneration policy applicable to Managers presented above, for the year ended 31 December 2019, Fabrice Colonna Walewski, on account of his mandate as Manager exercised within the Company was paid:

	Salaries paid in 2019 (in €)					
	Fixed	*Variable paid for 2019*	*Variable paid for 2018*	*Total paid in 2019*	*of which paid by TOUAX SCA*	*of which paid by other group companies*
Fabrice Walewski	*416,546.70*	*102,604.47*	*37,688.38*	*556,839.55*	*24,570.90*	*532,268.65*

Details of the sums due for 2019 according to the articles of association (in €)									
	Statutory Fixed Salary	*Tokens and reimbursement of statutory costs*	*Statutory benefit*	*Statutory Travel Bonus*	*Statutory variable*	*Total due for 2019*	*Total paid in 2019*	*of which variable balance paid in 2019 for 2018*	*Variable balance payable in 2020 in respect of 2019*
Fabrice Walewski	*156,838.00*	*96,998.00*	*23,525.70*	*139,185.00*	*184,490.00*	*601,036.70*	*556,839.55*	*-37,688.38*	*81,885.53*

Remuneration paid and/or allocated to Raphael Colonna Walewski, Manager, for the year ended 31 December 2019

In accordance with the remuneration policy applicable to Managers presented above, for the year ended 31 December 2019, Raphael Colonna Walewski, on account of his mandate as Manager exercised within the Company was paid:

	Salaries paid in 2019 (in €)					
	Fixed	*Variable paid for 2019*	*Variable paid for 2018*	*Total paid in 2019*	*of which paid by TOUAX SCA*	*of which paid by other group companies*
Raphael Walewski	*393,864.70*	*35,132.63*	*70,911.30*	*499,908.63*	*25,010.16*	*474,898.47*

Details of the sums due for 2019 according to the articles of association (in €)									
	Statutory Fixed Salary	*Tokens and reimbursement of statutory costs*	*Statutory benefit*	*Statutory Travel Bonus*	*Statutory variable*	*Total due for 2019*	*Total paid in 2019*	*of which variable balance paid in 2019 for 2018*	*Variable balance payable in 2020 in respect of 2019*
Raphael Walewski	*156,838.00*	*96,998.00*	*23,525.70*	*116,503.00*	*184,490.00*	*578,354.70*	*499,908.63*	*-70,911.30*	*149,357.37*

La Défense, 25 March 2020

The Supervisory Board

24. RECENTLY RELEASED INFORMATION

24.1 PRESS RELEASE FEBRUARY 28, 2020

- **Increase of 22% in revenue[1] in Q4 2019 driven by growth in leasing revenue and sales of owned equipment**
- **Increase of 9.4% in revenue[1] for the 2019 financial year to €169 million (+6.3% at constant scope and currency[2])**
- **Average continuous improvement in revenue of 10%[3] which confirms the Group's strategic objectives**

[1] Revenue corresponds to revenue from activities that generate leasing revenue, sales of equipment, syndication fees and other capital gains.

[2] Based on a comparable structure and 2018 average exchange rates.

[3] CQGR = 10%.

ANALYSIS OF REVENUE FROM ACTIVITIES

Q4 2019 revenue totalled €49.4 million compared with €40.5 million in Q4 2018, an increase of 22%.

Over the 2019 financial year, revenue from activities thus totalled €169 million (€164.2 million at constant scope and currency), up 6.3% compared to 2018.

This good performance was mainly driven by the 11.2% increase in leasing revenue on owned equipment (€50.2 million) and sales of equipment which stood at €32.2 million (€31 million at constant scope and currency), compared with €18.7 million in 2018, notably thanks to trading activity in new and used containers.Syndication fees and capital gains not linked to recurring activities came to €1.9 million versus €1.3 million the previous year.

Revenue from activities *(in € thousands)*	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**	**TOTAL**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**	**TOTAL**
Leasing revenue on owned equipment (1)	11,641	12,243	13,008	13,319	50,211	11,525	11,171	10,474	11,975	45,145
Leasing revenue on managed equipment (1)	16,541	16,038	15,179	15,065	62,823	17,467	17,850	19,514	17,336	72,167
Ancillary services (2)	4,594	4,876	5,726	6,615	21,811	3,474	3,678	4,724	5,352	17,228
Total leasing activity	**32,776**	**33,157**	**33,913**	**34,999**	**134,845**	**32,466**	**32,699**	**34,712**	**34,663**	**134,540**
Sales of owned equipment (3)	3,271	6,925	4,604	12,548	27,348	3,247	4,475	4,284	5,214	17,220
Margins on sale of managed equipment (3)	831	1,697	1,625	741	4,894	310	253	338	628	1,529
Total sales of equipment	**4,102**	**8,622**	**6,229**	**13,289**	**32,242**	**3,557**	**4,728**	**4,622**	**5,842**	**18,749**
Fees on syndication and Other capital gains on disposals (3)	389	449	8	1,076	1,922	323	655	267	7	1,252
Total revenue from activities	**37,267**	**42,228**	**40,150**	**49,364**	**169,009**	**36,346**	**38,082**	**39,601**	**40,512**	**154,541**

(1) The implementation of the new IFRS 16 has no significant impact on the presentation of revenue from activities.

(2) Ancillary services include river barge freight activity and rebilling of expenses related to equipment leasing (transport, repairs).

(3) Sales of Group-owned equipment to end user customers are recognized fully in the Equipment sales line. The margin or capital gain generated is obtained by deducting the purchase cost from sales.

The margin (sale fee) on sales of equipment managed for third parties to end user customers is recognized in the Equipment sales line.

The other capital gains are capital gains not linked to recurring equipment sales.

ANALYSIS OF THE CONTRIBUTION BY DIVISION

Revenue from the Freight Railcars division totalled €61.1 million, a 8.5% increase from €56.3 million the previous year.

Leasing revenue was up 9.3% at €58.4 million over the period, thanks to an increase in leasing prices and in the utilization rate (88.7% on average versus 84.9% a year earlier).

Sales of railcars were down, but syndication margins increased, mainly due to a railcar disposals during the 4th quarter to investors for which Touax maintains their management.

Revenue from the River Barges division came to €11.8 million compared to €14.5 million over 2018, during which barges were sold for €2.1 million. Leasing revenue fell to €11.7 million, mainly due to the temporary lacklustre market in South America.

Revenue from the Containers division totalled €81.8 million over 2019, an increase of 7.1%.

The accretive and value-creating strategy of investments on the balance sheet made during the past 18 months boosted the growth of revenue from the leasing of Group-owned equipment which was up 53.5% to €7.6 million (+45.5% at constant currency). Revenue from investor-owned equipment was, as expected, down at €49 million (€46.4 million at constant currency) due to the temporary impact of the reduction in the fleet under management. The average utilisation rate over the period remained high at 97.1%, reflecting the good resilience of leasing businesses in a context of weaker global growth.

The buoyant trading activity in new and used containers generated strong growth in container sales which reached €16.6 million at 31 December 2019 versus €8.1 million in 2018, i.e., an increase of 105.5%. Syndication fees were stable at €0.4 million.

Revenue from the sales of modular buildings in Africa presented under the “Miscellaneous” line more than doubled during 2019 to €13.9 million, highlighting the turnaround of the activity.

Revenue from activities *(in € thousands)*	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**	**TOTAL**	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**	**TOTAL**
Leasing revenue on owned equipment (1)	8,536	9,240	8,994	9,552	36,322	8,749	8,473	7,639	8,727	33,588
Leasing revenue on managed equipment (1)	3,422	3,507	3,453	3,460	13,842	2,462	2,410	4,169	3,534	12,575
Ancillary services (2)	1,437	2,141	1,965	2,676	8,219	1,565	1,777	1,584	2,331	7,257
Total leasing activity	**13,395**	**14,888**	**14,412**	**15,688**	**58,383**	**12,776**	**12,660**	**13,392**	**14,592**	**53,420**
Sales of owned equipment (3)	88	61	677	838	1,664	100	789	(229)	1,565	2,225
Total sales of equipment	**88**	**61**	**677**	**838**	**1,664**	**100**	**789**	**(229)**	**1,565**	**2,225**
Fees on syndication				1,076	1,076		662	25		687
Freight railcars	**13,483**	**14,949**	**15,089**	**17,602**	**61,123**	**12,876**	**14,111**	**13,188**	**16,157**	**56,332**
Leasing revenue on owned equipment (1)	1,523	1,650	1,644	1,410	6,227	1,833	1,658	1,504	1,483	6,478
Ancillary services (2)	1,317	1,243	1,601	1,287	5,448	1,196	1,140	2,109	1,513	5,958
Total leasing activity	**2,840**	**2,893**	**3,245**	**2,697**	**11,675**	**3,029**	**2,798**	**3,613**	**2,996**	**12,436**
Sales of owned equipment (3)	42			106	148	1,020		1,020	25	2,065
Total sales of equipment	**42**			**106**	**148**	**1,020**		**1,020**	**25**	**2,065**
River barges	**2,882**	**2,893**	**3,245**	**2,803**	**11,823**	**4,049**	**2,798**	**4,633**	**3,021**	**14,501**
Leasing revenue on owned equipment (1)	1,558	1,331	2,356	2,339	7,584	901	1,001	1,300	1,737	4,939
Leasing revenue on managed equipment (1)	13,119	12,531	11,726	11,605	48,981	15,005	15,440	15,345	13,802	59,592
Ancillary services (2)	1,818	1,490	2,168	2,786	8,262	424	670	835	1,536	3,465
Total leasing activity	**16,495**	**15,352**	**16,250**	**16,730**	**64,827**	**16,330**	**17,111**	**17,480**	**17,075**	**67,996**
Sales of owned equipment (3)	1,833	3,009	3,416	3,425	11,683	1,436	1,809	1,692	1,599	6,536
Margins on sales of managed equipment (3)	831	1,697	1,625	741	4,894	310	253	338	628	1,529
Total sales of equipment	**2,664**	**4,706**	**5,041**	**4,166**	**16,577**	**1,746**	**2,062**	**2,030**	**2,227**	**8,065**
Fees on syndication and Other capital gains on disposals (3)	389	(7)	8		390	309	5	9	(13)	310
Containers	**19,548**	**20,051**	**21,299**	**20,896**	**81,794**	**18,385**	**19,178**	**19,519**	**19,289**	**76,371**
Leasing revenue on owned equipment (1)	24	22	14	18	78	42	39	31	28	140
Ancillary services (2)	22	2	(8)	(134)	(118)	289	91	196	(28)	548
Total leasing activity	**46**	**24**	**6**	**(116)**	**(40)**	**331**	**130**	**227**		**688**
Sales of owned equipment (3)	1,308	3,855	511	8,179	13,853	691	1,877	1,801	2,025	6,394
Total sales of equipment	**1,308**	**3,855**	**511**	**8,179**	**13,853**	**691**	**1,877**	**1,801**	**2,025**	**6,394**
Other capital gains on disposal (3)		456			456	14	(12)	233	20	255
Miscellaneous and eliminations	**1,354**	**4,335**	**517**	**8,063**	**14,269**	**1,036**	**1,995**	**2,261**	**2,045**	**7,337**
Total revenue from activities	**37,267**	**42,228**	**40,150**	**49,364**	**169,009**	**36,346**	**38,082**	**39,601**	**40,512**	**154,541**

(1) The implementation of the new IFRS 16 has no significant impact on the presentation of revenue from activities.

(2) Ancillary services include river barge freight activity and rebilling of expenses related to equipment leasing (transport, repairs).

(3) Sales of Group-owned equipment to end user customers are recognized fully in the Equipment sales line. The margin or capital gain generated is obtained by deducting the purchase cost from sales.

The margin (sale fee) on sales of equipment managed for third parties to end user customers is recognized in the Equipment sales line.

The other capital gains are capital gains not linked to recurring equipment sales.

OUTLOOK

The strategic refocusing on the three long-term transport equipment leasing businesses is reaping rewards and business is continuing to grow.

Global economic growth remains positive at 3.3% in 2020* which should continue to support equipment transportation activities and equipment leasing demand.

It remains too early to determine the impact of the Coronavirus, although current analyses point to a weaker activity during the first quarter of 2020 followed by a recovery during the second half of the year. Long-term leasing activities are generally relatively unaffected by temporary fluctuations due to public health crisis.

**source IMF 20/01/2020.*

24.2 Press Release March 9, 2020

- **COVID-19 COMMUNICATION**
- **NO IMPACT CURRENTLY ON OUR ACTIVITIES DUE TO THE HEALTH CRISIS**

Many investors are wondering about the impact of the health crisis due to the risk of a COVID 19 epidemic.

From a factual point of view and to date, we have not seen any impact on our activities:

- In general, long-term leasing activities are not subject to occasional fluctuations linked to health crises;

- No delay has been registered to date in the payment deadlines;

- No commercial contract has been broken and the rates for contract renewals have not dropped;

- In the Containers activity, we note an increase of more than 10% in the purchase prices of containers linked to the shortage of containers due to shipping problems from China.

However, in this context of uncertainty and volatility linked to COVID-19, Touax remains very vigilant:

- The Group follows precisely the evolution of the epidemic and its expansion, as well as the exposure of its employees, and organizes remote working at home, as appropriate.

- Touax also are working on scenarios and corresponding action plans to be able to react quickly.

Finally, the Group is continuing its roadmap to refocus on the long-term rental of freight wagons, river barges and containers, with a focus on improving profitability.

We will keep shareholders regularly informed of the impact of the epidemic on our activities and results.

24.3 Press Release March 25, 2020

- **Growth in operating income (+87%) to €15.1 million**
- **Growth in Ebitda (+44%) to €36.9 million**
- **Positive net profit before tax of €0.7 million**
- **Strong tangible asset base with a market value of €327.3 million**

"After refocusing successfully on our transportation equipment leasing activities in 2018, the Group continued to roll out its ongoing improvement program in 2019, enabling it to generate an increase in its results," say Fabrice and Raphael Walewski, Touax SCA's managing partners.

As a result, Touax saw growth across all of its operational performance indicators (a 44% increase in Ebitda and an 87% increase in operating income) along with a recovery in investment.

The utilisation rates of the freight railcar (89.5%), container (95.9%) and river barge (85.3%) are at satisfactory levels at the end of December 2019. The modular building activity in Africa continues to show an improvement also, with significant growth in revenue.

For the first time in six years, net profit before tax came out positive at €0.7 million, while net income, although still in negative territory, shows a significant improvement (+35% compared with 2018).

Fund raising of €40 million, the issuance of a €10 million bond as part of a Euro PP, and syndication of €37.5 million of equipment to investors all demonstrate the renewed confidence of banks and investors, which is underpinning the Group's gradual investment strategy.

Net book value per share stands at €6.79[1] and, based on the market value of our assets, the revalued NAV[2] per share comes to €13.23[1].

The consolidated financial statements at 31 December 2019 were approved by the Management Board on 24 March 2020 and were presented to the Supervisory Board on the same day. The audit procedures are ongoing.

[1] *Excluding the non-controlling interests of the Railcar division and excluding management fees.*

[2] *The market value is calculated by independent experts, based 50% on the replacement value and 50% on the earning rate for railcars, the earning rate for containers and the replacement value for river barges with the exception of a long-term contract in South America for which the earning rate was used. This market value is substituted for the net book value when calculating the net asset value.*

Key figures

Key Figures *(in thousand of euros)*	**2019**	2018
Revenue from activities	**169.0**	**154.5**
Freight railcars	61.1	56.3
River Barges	11.8	14.5
Containers	81.8	76.4
Others	14.3	7.3
Gross operating margin - EBITDAR (1)	90.3	83.1
EBITDA (2)	36.9	25.7
Current operating income	15.1	8.0
Operating Income	15.1	8.1
Profit before tax	0.7	-2.1
Consolidated net profit (loss) (Group's share)	**-2,7**	**-4.2**
Including income from retained operations	-2.0	-3.2
Including income from discontinued operations	-0.7	-1.0
Net earnings per share (€)	-0.39	-0.59
Total non current assets	325.2	307.6
Total Assets	446.8	439.4
Total shareholders' equity	123.1	129.1
Net Financial Debt (3)	199.3	195.5
Operating cash flow	8.3	4.7
Loan to Value	54 %	52 %

(1) The EBITDAR (earnings before interest taxes depreciation and amortization and rent) calculated by the Group corresponds to the current operating income increased by depreciation charges and provisions for capital assets and distributions to investors.

(2) EBITDA: EBITDAR after deducting distributions to investors

(3) Including €155.4 million in debt without recourse at 31 December 2019

Revenue from activities increased by 9.4% to €169 million (€164.2 million at constant currency and scope[3]) compared with €154.5 million in 2018. Revenue from leasing activity came to €134.8 million versus €134.5 million in 2018, with an increase in freight railcars, a decrease in river barges (South America) and a decrease in containers (decrease in leasing revenue on managed equipment while leasing revenue on owned equipment increased by +53.5%). Sales came to €32.2 million versus €18.7 million in 2018, thanks notably to trading in new and second-hand containers. Syndication fees and capital gains increased to €1.9 million versus €1.3 million in 2018.

EBITDA came to €36.9 million, an increase of 44% in relation to the previous year.

EBITDA in the Freight Railcars division came to €23.1 million compared with €22.9 million in 2018, with an increase in the utilisation rate (average of 88.7% in 2019: +3.8 points versus 2018). In a growing market underpinned by demand for equipment replacement, the division continued its investments and benefited from a gradual increase in leasing rates.

[3] Based on a comparable structure and 2018 average exchange rates.

The River Barges division generated EBITDA of €3.5 million over the year compared with €4.5 million in 2018, mainly due to a lack of momentum on the South American market and the lack of disposals in 2019.

EBITDA in the Containers division increased significantly to €8.8 million, attributable to the impact of the resumption of investment and the increase in trading of new and second-hand containers. The strategy of growth in the share of owned assets boosted profitability, which quadrupled in 2019 compared with 2018. The utilisation rate stands at a resilient 97.1% on average over the year (98.7% in 2018).

EBITDA in the other activities came to €1.5 million, a sharp increase of +€5.4 million compared with 2018, with the Modular Building Africa activity showing an improvement thanks to an increase in its order book. The total impact on EBITDA related to leasing contracts from the implementation of IFRS 16 is €1.3 million.

Operating income came to €15.1 million, an increase of 86.6% in relation to 2018 (€8.1 million).

Net financial expense came to €14.4 million compared with €10.2 million in 2018. This incorporates a non-recurring exceptional foreign exchange loss of €1.2 million on intra-group loans in USD, which was not offset by the hedging of foreign exchange risk with Monex Europe Markets Limited, a UK broker accredited and regulated by the FCA.

Profit before taxes came out at €0.7 million, versus -€2.1 million in 2018. Corporate income tax amounted to €1.5 million, broken down into deferred tax of -€0.6 million and a current tax charge of €0.9 million.

Net attributable income came out at -€2.7 million, an improvement of 35% compared with -€4.2 million a year earlier. It includes (i) a residual loss of -€0.6 million on the Modular Building Africa activity, (ii) a residual loss of -€0.7 million on discontinued activities (modular building in Europe and the US), and (iii) the aforementioned exceptional foreign exchange loss of -€1.2 million.

FINANCIAL STRUCTURE

The balance sheet shows a total of €447 million at 31 December 2019, compared with €439 million at 31 December 2018.

Tangible assets amount to €364 million.

Cash flow from operating activities came to €8.3 million, attributable to several investments (remember that investments relating to operating lessors are classified under cash flow from operating activities).

Gross debt stands at €239 million, 65% of which is non-recourse debt. Group net debt stands at €199 million versus €195 million at 31 December 2018.

The loan-to-value ratio is 54% (52% at 31 December 2018).

Financing

In February 2019, asset financing agreements within the Barges division were signed for a total of €6.8 million, of which €3.9 million to finance new barges.

On 21 June 2019, Touax SCA signed a senior secured loan of €40 million with an institutional investor, maturing in five years.

This enabled it to refinance its convertible bond to the tune of €23 million while the balance was used to help finance the Group's investment plan.

On 1 August 2019, Touax SCA issued a senior unsecured bond in the form of a Euro Private Placement for a nominal amount of €10 million, maturing in 5.5 years.

This enabled it to extend the average maturity of the Group's debt.

The net proceeds of the issue will be used to finance the investment plan.

OUTLOOK

In a very uncertain economic environment in the short term, Touax's business model, focused on long-term sustainable transportation leasing services (rail, river and intermodal), remains resilient.

From a structural perspective, green transportation should benefit from strong support from consumers and public authorities wishing to see a reduction in CO2 emissions, while significant investment is necessary in freight railcars, river barges and containers to replace old fleets. The deregulation of rail freight and the trend towards outsourcing should continue to underpin investment in these assets.

As of the date of this press release, the Covid-19 pandemic had not had a significant impact on the Group and its activities. 76% of the leasing income budgeted in 2020 was already under contract on 1 January 2020. To date, no delay has been recorded in settlement times, no commercial contract has been broken and the rates on contract renewals have not decreased.

Nevertheless, in the current environment of uncertainty and volatility linked to Covid-19, Touax remains extremely vigilant and is following the development of the epidemic very closely, including the exposure of its employees who work remotely, with the exception of those at the modular building plant in Morocco where the team has been split in two and are working on an alterning two-week basis. Special workshops have been implemented to (i) protect the teams, (ii) enhance the supervision of the potential impacts of the epidemic on our activities, (iii) meet our commitments to our clients on the continuity of our activity, (iv) stabilise the supply chains, and (v) ensure prudent management and monitoring of our cash flow.

24.4 Presentation of outlooks given during the SFAF meeting on 25 March 2020

The chapter 5 on the description of the activities, the paragraph 10.2 on known trends and section 1.1 of the management report (paragraph 22.1) on the foreseeable evolution of the activities are supplemented by the following information, presented on the occasion of the announcement of the Group's annual results.

In a very uncertain economic environment in the short term:

- Resilience of Touax's business model as it has strategically focused on long term leasing in sustainable transportation (rail, river and intermodal)
- Slowdown of logistical chains, transfer of routes to rail and a need for storage all favour an increase in the use of container, wagon and barge transport equipment
- As at 1 January 2020, 76% of the leasing revenue generated in 2019 had already been renewed in 2020 as part of long-term contracts.

Structurally,

- Green transport will benefit from strong support from consumers and public authorities for a reduction in CO2 emissions,
- Significant investment is needed in freight railcars, river barges and containers to replace old fleets
- The deregulation of rail freight and the trend towards outsourcing by clients should continue to underpin leasing and investment in our assets.

Touax is well placed to:

- increase its profitability gradually by reconstituting its base of owned assets and generating economies of scale
- continue growing structurally in renewal markets.

25. DRAFT RESOLUTIONS AT THE GENERAL MEETING OF 24 JUNE 2020

On first notice of meeting, the Ordinary General Meeting can only validly proceed if the shareholders present in person or by proxy hold at least one fifth of the shares to which voting rights are attached. Motions pass by simple majority of votes cast.

FIRST RESOLUTION (APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report from the Management Board, the reports from the Supervisory Board and the Statutory Auditors' report for the financial year ended 31 December 2019, approves the annual financial statements for the year ended 31 December 2019, as presented to it, showing a net book loss of €6,815,096.

The Annual General Meeting approves the expenses and charges not deductible from profits as specified in Article 39-4 and 39-5 of the General Tax Code amounting to €0, as well as a tax saving of €956,131 resulting from fiscal consolidation.

SECOND RESOLUTION (APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report from the Management Board, the reports from the Supervisory Board and the Statutory Auditors' report, approves the consolidated financial statements for the financial year ended 31 December 2019 as they have been presented and the transactions reflected in these accounts, showing a loss attributable to the Group of €2,697,896.

THIRD RESOLUTION (DISCHARGE OF MANDATES)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, grants discharge to the Management Board, the Supervisory Board and the Statutory Auditors for the performance of their mandates for the 2019 financial year.

FOURTH RESOLUTION (ALLOCATION OF PROFIT)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, approving the proposals of the Management Board, decides to allocate the profit as follows:

Loss for the year ended 31 December 2019	-6 815 096 €
Allocation to the legal reserve	
Allocation of the entire loss to carry forward	-6 815 096 €
Statutory remuneration of the general partners deducted from the issue premium	368 990 €

In accordance with Article 243-bis of the General Tax Code, the General Meeting notes that the dividends distributed for the three previous financial years were as follows:

financial year concerned *(in €)*	payment date	statutory remuneration of general partners	dividend per share	number of shares remunerated	total of the distribution
2016	1 July 2017	441 448			441 448
2016 TOTAL					**441 448**
2017	1 July 2018	268 672			268 672
2017 TOTAL					**268 672**
2018	1 July 2019	256 970			256 970
2018 TOTAL					**256 970**

FIFTH RESOLUTION (REGULATED AGREEMENTS)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Statutory Auditors' special report on the agreements referred to in Article L. 226-10 of the French Commercial Code, and the report by the Management Board, takes note of the said report and approves the agreement described in this.

SIXTH RESOLUTION (APPROVAL OF THE REMUNERATION POLICY APPLICABLE TO MANAGING PARTNERS)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on corporate governance drawn up in accordance with article L. 226-10-1 of the French Commercial Code describing in particular the elements of the remuneration policy for corporate officers, approved, in accordance with article L. 226-8-1 II. of the French Commercial Code, the remuneration policy applicable to Managing Partners which is presented therein, and which appears in paragraph 23.2.5.1 of the Company's 2019 universal registration document.

SEVENTH RESOLUTION (APPROVAL OF THE REMUNERATION POLICY APPLICABLE TO MEMBERS OF THE SUPERVISORY BOARD)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on corporate governance drawn up in accordance with article L. 226-10-1 of the French Commercial Code describing in particular the elements of the remuneration policy for corporate officers, approved, in accordance with article L. 226-8-1 II. of the French Commercial Code, the remuneration policy applicable to members of the Supervisory Board which is presented therein, and which appears in paragraph 23.2.5.1 of the Company's 2019 universal registration document.

EIGHTH RESOLUTION (APPROVAL OF THE INFORMATION REFERRED TO IN ARTICLE L. 226-8-2 I. OF THE FRENCH COMMERCIAL CODE RELATING TO ALL REMUNERATION OF CORPORATE OFFICERS)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on corporate governance drawn up in accordance with article L. 226-10-1 of the French Commercial Code, approved, in accordance with article L. 226-8-2 I. of the French Commercial Code, the information mentioned in article L. 225-37-3 I. of the French Commercial Code which is presented therein relating to all remuneration of the corporate officers, and appearing in paragraph 23.2.5.2 of the Company's 2019 universal registration document.

NINTH RESOLUTION (APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 OR ALLOCATED FOR THE SAME FINANCIAL YEAR TO MR. ALEXANDRE COLONNA WALEWSKI AS CHAIRMAN OF THE SUPERVISORY BOARD)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on corporate governance drawn up in accordance with article L. 226-10-1 of the French Commercial Code, approved, in application of article L. 226-8-2 II. of the French Commercial Code, the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid during the financial year ended 31 December 2019 or allocated in the same financial year to Mr. Alexandre Colonna Walewski in his capacity as Chairman of the Supervisory Board, as described in this report, and appearing in paragraph 23.2.5.3 of the Company's 2019 universal registration document.

TENTH RESOLUTION (APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 OR ALLOCATED FOR THE SAME FINANCIAL YEAR TO MR. FABRICE COLONNA WALEWSKI AS MANAGING PARTNER)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on corporate governance drawn up in accordance with article L. 226-10-1 of the French Commercial Code, approved, in application of article L. 226-8-2 II. of the French Commercial Code, the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid during the financial year ended 31 December 2019 or allocated in the same financial year to Mr. Fabrice Colonna Walewski in his capacity as Managing Partner, as described in this report, and appearing in paragraph 23.2.5.3 of the Company's 2019 universal registration document.

ELEVENTH RESOLUTION (APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 OR ALLOCATED FOR THE SAME FINANCIAL YEAR TO MR. RAPHAËL COLONNA WALEWSKI AS MANAGING PARTNER)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on corporate governance drawn up in accordance with article L. 226-10-1 of the French Commercial Code, approved, in application of article L. 226-8-2 II. of the French Commercial Code, the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid during the financial year ended 31 December 2019 or allocated in the same financial year to Mr. Raphael Colonna Walewski in his capacity as Managing Partner, as described in this report, and appearing in paragraph 23.2.5.3 of the Company's 2019 universal registration document.

TWELFTH RESOLUTION (SETTING THE ANNUAL REMUNERATION TO BE ALLOCATED TO THE SUPERVISORY BOARD)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, fixes the total amount of annual remuneration to be allocated to the Supervisory Board at €63,000.

THIRTEENTH RESOLUTION (RENEWAL OF THE SUPERVISORY BOARD MEMBER'S MANDATE OF MR. JÉRÔME BETHBEZE)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having considered the report from the Management Board, declaring that the term of office as member of the Supervisory Board of Mr. Jérôme BETHBEZE expires at the end of this Meeting, renews it for a period of three years, which will end at the end of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2022.

FOURTEENTH RESOLUTION (RENEWAL OF THE SUPERVISORY BOARD MEMBER'S MANDATE OF MR. FRANÇOIS SOULET DE BRUGIERE)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having considered the report from the Management Board, declaring that the term of office as member of the Supervisory Board of Mr. François SOULET de BRUGIERE expires at the end of this Meeting, renews it for a period of three years, which will end at the end of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2022.

FIFTEENTH RESOLUTION (AUTHORISATION OF A SHARE BUYBACK PROGRAM)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Management Board, authorises the Management Board, in accordance with Article L. 225-209 of the French Commercial Code, to acquire, on one or more occasions at the times it determine, a number of shares representing up to 10% of the share capital under the following conditions:

Maximum purchase price per share: €25

Maximum amount (as an indication): €17,528,867

This maximum amount may be adjusted, if necessary, to take into account any capital increase or reduction operations that may occur during the period of the scheme.

In accordance with Article L. 225-210 of the French Commercial Code, the acquisition of the partnership's own shares must not bring the shareholders' equity below the level of the capital plus non-distributable reserves.

These shares may be acquired, sold, transferred or exchanged, on one or more occasions, by any means, including where appropriate by mutual agreement, by block transfer or by use of derivatives, with a view to the realization of one or more purposes provided for by law, including:

- carrying out market making and ensuring the liquidity of the TOUAX SCA share through a liquidity agreement with an investment services provider acting independently, in accordance with the AMAFI Code of Practice recognised by the French Financial Markets Authority (Autorité des Marchés Financiers AMF);
- granting stock options and/or granting bonus shares for the benefit of the employees and officers of the company and/or companies related to it as well as all allocations of shares under a company or group savings plan, in respect of sharing the company's profits and/or any other form of allocation of shares to employees and/or corporate officers of the group;
- granting coverage for securities that entitle the holder to receive shares in the partnership under the regulations currently in force;
- keep the shares bought, and use them later for trading or as payment in possible corporate acquisitions, though the shares acquired for this purpose may not exceed 5 % of the share capital; and/or
- to cancel them, pursuant to the 22th resolution of the Annual General Meeting on 24 June 2020.

For the first objective, the company shares will be bought on its behalf by an investment services provider acting under a liquidity agreement and in accordance with the AMAFI Code of Practice approved by the French Financial Markets Authority (Autorité des Marchés Financiers AMF).

These transactions may be carried out at any time, including during a takeover bid, subject to the regulations in force.

This authorisation enters into effect upon its acceptance by the present General Meeting. It is granted for a period of 18 months. It cancels and replaces the authorisation granted by the Annual General Meeting of 24 June 2019, in its 14th resolution.

The General Meeting grants all powers to the Management Board or any person duly appointed thereby, to decide when to implement this authorisation and to determine its terms and conditions, and in particular to adjust the above purchase price in case of transactions that modify the shareholders' equity, the share capital or the par value of the shares, to place any orders on the stock exchange, conclude any agreements, make all declarations, carry out all formalities and in general do everything that is required.

SIXTEENTH RESOLUTION (MODIFICATION OF ARTICLES 11.5 AND 12.5 OF THE COMPANY'S ARTICLES OF ASSOCIATION IN ORDER TO REMOVE THE NOTION OF"ATTENDANCE FEES")

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having read the report of the Managers, decided to modify articles 11.5 and 12.5 of the articles of association of the Company in order to remove the notion of "attendance fees" following the adoption on 22 May 2019 of the law relating to the growth and transformation of companies, known as the Pacte law.

Consequently, the beginning of article 11.5 of the articles of association is now worded as follows:

"**11.5 - Remuneration of the Management Board**

Each Managing Partner's annual remuneration within the scope of the general social security scheme is determined as follows:

- a fixed gross portion amounting to €129,354, together with benefits in kind up to a limit of 15% of the fixed remuneration, it being specified that this amount does not include remuneration or repayments of expenses received by the Managing Partners in respect of corporate mandates or duties performed in any of the company's subsidiaries, up to a limit of €80,000 per Managing Partner;

The rest of article 11.5 remains unchanged.

Consequently, paragraph 4 of article 12.5 of the articles of association is now worded as follows:

"**12.5** – […]

An annual fixed remuneration may be allocated by the ordinary general meeting to the supervisory board, the amount of which is charged to general expenses. The Supervisory Board distributes this amount among its members, as it sees fit. »

The rest of article 12.5 remains unchanged.

SEVENTEENTH RESOLUTION (MODIFICATION OF ARTICLE 7 OF THE COMPANY'S ARTICLES OF ASSOCIATION FOLLOWING THE REFORM OF THE SHAREHOLDER IDENTIFICATION SYSTEM)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, after having read the report of the Managers, decided to modify article 7 of the Company's articles of association in order to update it with the new provisions of article 228-2 of the French Commercial Code as reformed by Pacte law 2019-486 of 22 May 2019.

Consequently, the beginning of article 7 of the articles of association is now worded as follows:

"**7 - Form of shares**

With a view to identifying the owners of bearer securities, the Company or the management are entitled to request, at any time, either from the central depository which maintains the securities issue account, or directly from one or more of the intermediaries mentioned in Article L. 211-3 of the Monetary and Financial Code, information concerning the owners of these shares and of the securities immediately or ultimately conferring the right to vote in shareholders' meetings. »

The rest of article 7 remains unchanged.

EIGHTEENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING ORDINARY COMPANY SHARES AND SECURITIES GIVING ACCESS TO OTHER SECURITIES OF THE COMPANY TO ISSUE OR GIVING THE RIGHT TO THE ALLOCATION OF DEBT SECURITIES, WITH RETENTION OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE SHAREHOLDERS, FOR A PERIOD OF 26 MONTHS)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report from the Management Board and the special report from the Statutory Auditors and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code:

1) decides to confer to the Management Board the powers to decide, upon its sole deliberations, on the issuance, with retention of the preferential subscription right of the shareholders, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company or giving right to the allocation of debt securities,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to equity securities to be issued by the company and/or any company which directly or indirectly owns more than half of the capital or of which it directly or indirectly owns more than half of the capital.

2) Decides that the issue of preference shares and the issue of any securities giving access to preference shares is excluded from this delegation.

3) Decides that the maximum nominal amount of capital increases that may be carried out immediately and in the future pursuant to this delegation, is set at twenty million (20,000,000) euros, subject to the 20th resolution. To the above ceiling shall be added, where applicable, the nominal amount of the issues that may be required to preserve, in accordance with the law and, where appropriate, the contractual stipulations providing for other cases of adjustment, the rights of the holders of securities giving access to the capital of the company.

4) Decides that the shareholders will have, in proportion to the amount of their shares, a preferential subscription right to the securities that would be issued pursuant to this delegation.

5) Decides that the Management Board may establish, where applicable, a subscription right on a reducible basis, for new non-subscribed capital shares that the shareholders may exercise proportionately to the subscription rights available to them and, in any case, within the limits of their demands.

6) Decides that if subscriptions on an irreducible and, where applicable, reducible basis have not absorbed the entirety of an issue, the Management Board may use, under the conditions laid down by law and in the order that it will determine, one and/or the other faculties hereafter:

- freely distribute all or part of the non-subscribed securities for the benefit of the persons of their choice,
- offer to the public all or part of the non-subscribed securities, and/or
- limit the amount of subscriptions received as soon as they reach at least ¾ of the issue decided upon.

7) Notes that this delegation entails the express waiver by shareholders of their preferential subscription right to the new shares to which these securities entitle them to the benefit of the holders of the securities.

8) Gives all powers to the Management Board to decide and carry out the capital increase(s) that it deems appropriate and:

- determine the conditions of the issue (s), and in particular the forms and characteristics of the shares and/or securities, determine the amount to be issued within the limits referred to above, the issue price and the amount of the issue premium, set the dates of the opening and closing of subscriptions,
- record the realisation of these capital increases and to amend the Articles of Association accordingly,
- charge, on its sole initiative, the costs of the capital increases to the amount of the premiums related thereto and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, to undertake what is required in such a matter, and
- more generally to take all measures, to conclude all agreements, to carry out all necessary formalities and to take the necessary steps to attain and successfully complete the issues envisaged under this delegation.

This delegation is given for a period of 26 months from the date of this Meeting, it cancels and replaces the authorisation given by the Annual General Meeting of 20 June 2018 in its 10th resolution.

NINETEENTH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING ORDINARY COMPANY SHARES AND SECURITIES GIVING ACCESS TO OTHER CAPITAL SHARES OF THE COMPANY TO ISSUE OR GIVING THE RIGHT TO THE ALLOCATION OF DEBT SECURITIES, BY WAY OF A PUBLIC OFFER, WITH REMOVAL OF PREFERENTIAL SUBSCRIPTION RIGHTS FOR THE SHAREHOLDERS, BUT WITH A MANDATORY SUBSCRIPTION PRIORITY TIME PERIOD, FOR A PERIOD OF 26 MONTHS)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report from the Management Board and the special report from the Statutory Auditors and noted that the capital is fully paid-up, in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 and L. 228-92 of the French Commercial Code:

1) decides to confer to the Management Board the powers to decide, upon its sole deliberations, on the issuance, on one or more occasions, in the proportions and at the times that it will assess, on the French and/or international market, either in euros, or in foreign currencies or in any other account unit established by reference to a set of currencies:

- ordinary shares, and/or
- equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, and/or
- more generally securities giving access to equity securities to be issued by the company,

of any kind whatsoever, whether in return for payment or free of charge, it being specified that the subscription of the shares and other securities may be made either in cash or by offsetting with certain, liquid and payable receivables.

2) Decides that the issue of preference shares and the issue of any securities giving access to preference shares is excluded from this delegation.

3) Decides that the total nominal amount of capital increases that may be carried out immediately and in the future under this delegation is set at twenty million (20,000,000) euros subject to the 20th resolution, it being specified that the nominal amount of the shares that may be issued under this delegation will be deducted from the ceiling referred to in the 18th resolution. To the above ceiling shall be added, where applicable, the nominal amount of the issues that may be required to preserve, in accordance with the

law and, where appropriate, the contractual stipulations providing for other cases of adjustment, the rights of the holders of securities giving access to the capital of the company.

4) Decides to cancel the shareholders' preferential subscription right to ordinary shares and securities giving access to the capital and/or debt securities that are the subject of this resolution.

5) Decides to grant shareholders a mandatory subscription priority time period for all such issues, not giving rise to the creation of negotiable rights, exercisable in proportion to the number of shares held by each shareholder and, where applicable, on a reducible basis, and consequently delegates to the Management Board the power to set the duration and the terms thereof in accordance with the legal and regulatory provisions.

6) Notes that this delegation entails the express waiver by shareholders of their preferential subscription right to the new shares to which these securities entitle them to the benefit of the holders of the securities.

7) Decides that

- the issue price of the equity securities will be at least equal to the minimum price provided for by the legal and regulatory provisions applicable on the day of setting the issue price.
- The issue price of other securities shall be such that the amount received immediately by the company, plus any additional fees that may be collected by the company, is, for each share issued as a result of the issue of these securities, at least equal to the issue price defined in the previous paragraph.

8) Decides that in the event of insufficient subscriptions, the Management Board may use, under the conditions set out by law and in the order in which it determines, one or both of the following powers:

- freely distribute all or part of the non-subscribed securities for the benefit of the persons of their choice,
- offer to the public all or part of the non-subscribed securities, and/or
- limit the amount of subscriptions received as soon as they reach at least ¾ of the issue decided upon when the primary security is a share.

9) Gives all powers to the Management Board to decide and carry out the issue(s) of shares or securities which it deems appropriate, and in particular:

• determine the conditions of the issue(s), and in particular the forms and characteristics of the shares and/or securities, determine the amount to be issued within the limits referred to above, the issue price and the amount of the issue premium, set the dates of the opening and closing of subscriptions,

• record the realisation of these capital increases and amend the Articles of Association accordingly,

• make any adjustments to take into account the impact of the transaction on the capital of the company and set the terms and conditions under which the preservation of the rights of the holders of financial securities ultimately giving access to the share capital will be ensured in accordance with the provisions of the applicable laws and regulations and, where appropriate, contractual stipulations providing for other adjustments,

• charge, on its sole initiative, the costs of the capital increases to the amount of the premiums related thereto and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, to undertake what is required in such a matter, and

• more generally to take all measures, to conclude all agreements, to carry out all necessary formalities and to take the necessary steps to attain and successfully complete the issues envisaged under this delegation.

It is specified that the Management Board may, in the context of the implementation of this delegation, modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities.

This delegation is given for a period of 26 months from the date of this Meeting, it cancels and replaces the authorisation given by the Annual General Meeting of 20 June 2018 in its 11th resolution.

TWENTIETH RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING ORDINARY COMPANY SHARES AND SECURITIES GIVING ACCESS TO OTHER SECURITIES OF THE COMPANY TO ISSUE OR GIVING THE RIGHT TO THE ALLOCATION OF DEBT SECURITIES, IN THE CASE OF EXCESS DEMAND, FOR A PERIOD OF 26 MONTHS)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the report from the Management Board and the special report from the Statutory Auditors and ruling in compliance with the provisions of Articles L. 225-135-1 of the French Commercial Code, authorises the Management Board to decide, within the time and within the limits provided for by the law and regulations applicable on the day of the issue (to date, within thirty days of the closing of the subscription, within the limit of 15% of the initial issue and at the same price as that used for the initial issue), for each of the issues decided pursuant to the 10th and 11th resolutions, to increase the number of securities to be issued, subject to compliance with the ceiling provided for in the resolution pursuant to which the issue is decided.

This delegation is given for a period of 26 months with effect from the date of this Meeting, it cancels and replaces any authorisation with the same object given previously.

TWENTY-FIRST RESOLUTION (DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF ISSUING SHARES FOR THE BENEFIT OF THE GROUP'S EMPLOYEES, WITH CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT, FOR A PERIOD OF 26 MONTHS)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Management Board and the special report of the Statutory Auditors, ruling under Articles L.3332-18 to 3332-24 of the Labour Code and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code:

1) Delegates to the Management Board its competence to proceed, on one or more occasions, under the conditions set out in Article L. 3332-18 et seq. of the French Labour Code, an increase in the share capital in cash of up to €600,000 reserved for employees of the company and its related companies who, under the terms of Article L. 225-180 of the French Commercial Code, members of a company savings plan;

2) Decides that this delegation is granted for a period of twenty-six months from today;

3) Decides that the total number of shares that may be subscribed by the employees may not exceed 3% of the share capital on the day of the Management Board's decision, this amount being independent of any other ceiling on the delegation of capital;

4) Decides that the subscription price of the shares will be set in accordance with the provisions of Article L. 3332-19 et seq. of the Labour Code;

5) Grants the Management Board full powers to implement the present authorisation and, to that end:

- to set the number of new shares to be issued and the vesting date;
- to set the issue price for the new shares, having considered the special report of the Statutory Auditors; and to set the deadlines for employees to exercise their rights;
- to decide when and how the new shares shall be freed of restrictions;
- to record the corresponding capital increase(s), and to amend the Articles of Association accordingly;
- to complete all necessary transactions and formalities entailed by the capital increase(s).

This authorisation shall also constitute the existing shareholders’ express waiver of their right of first refusal to the shares to be issued, in favour of the above employees.

This delegation is given for a period of 26 months from the date of this Meeting, it cancels and replaces the authorisation given by the Annual General Meeting of 24 June 2019 in its 13th resolution.

TWENTY-SECOND RESOLUTION (AUTHORISATION TO BE GIVEN TO THE MANAGEMENT BOARD IN ORDER TO CANCEL ALL OR PART OF THE SHARES PURCHASED BY THE COMPANY UNDER THE PROVISIONS OF ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE, FOR A PERIOD OF 18 MONTHS)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having considered the report of the Management Board and the report of the Statutory Auditors and pursuant to Article L. 225-209 of the Commercial Code,

1) authorises the Management Board, for a period of eighteenth months from this Annual General Meeting, to reduce the share capital on one or more occasions, by a maximum of 10% of the share capital, calculated on the day of the cancellation, per period of twenty-four months, by cancelling some or all of the treasury shares acquired under the stock redemption programme adopted by the company's shareholders at, before or after the present General Meeting;

2) authorises the Management Board to allocate the difference between the repurchase price of the cancelled shares and their par value at the time of cancellation, to the premiums and free reserves;

3) gives all powers to the Management Board to determine the terms and conditions of the cancellation(s), in order to amend, where appropriate, the Company's statutes, make any declarations, carry out any other formalities, and in general do anything necessary.

This authorisation enters into effect upon its acceptance by the present General Meeting. It cancels and replaces the authorisation granted by the Annual General Meeting of 24 June 2019, in its 14th resolution.

TWENTY-THIRD RESOLUTION (POWERS)

The General Meeting grants all powers to the bearer of a copy or extract of the minutes of the present General Meeting in order to carry out the legal and statutory formalities.

26. INCLUSION BY REFERENCE

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Board of 14 June 2017, the following documents are included by reference in this universal registration document:

- The consolidated financial statements for the year ended 31 December 2017, as well as the related statutory auditors' report, appearing in paragraphs 20.1 and 20.5 of the reference document filed with the AMF on 18 April 2018 under number D18-0345https://www.touax.com/sites/touax/files/document/Fr%202017%20TOUAX%20Rapport%20Annuel%2020180418.pdf;
- The consolidated financial statements for the year ended 31 December 2018, as well as the related statutory auditors' report, appearing in paragraphs 20.1 and 20.5 of the reference document filed with the AMF on 12 April 2019 under number D19-0329https://www.touax.com/sites/touax/files/document/Fr%202018%20TOUAX%20Rapport%20Annuel%2020190412.pdf.

27 . GLOSSARY

River barge: non-motorized metallic flat-bottomed vessel used to transport goods by river.

Container: standard sized metallic freight container.

Modular building: building made of standard elements (modules), installed unmodified at a site by stacking and/or juxtaposition.

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization. The EBITDA used by the Group corresponds to current operating income restated for allowances for depreciation and provisions for fixed assets.

EBITDAR: Earnings Before Interests, Tax, Depreciation, Amortization and Rent.

Gross debt: it consists of:

• long-term financial liabilities: capital borrowing operations carried out with the public (bonds for example) or with banks or financial institutions (medium or long-term loans, leases, etc, …) ;

• short-term financial liabilities of the same type as above

• fair value hedging financial instruments entered in the balance sheet relating to the liabilities constituting gross financial debt described above;

• accrued interest on the balance sheet items constituting gross financial debt.

Net debt: gross debt less cash and cash equivalents.

EVP (Equivalent vingt pieds) : see TEU.

Gearing (or net debt ratio): ratio between the net debt and the Shareholders' equity of the whole.

Loan to value (or LTV): ratio between gross debt and total assets less goodwill and intangible assets.

Operational leasing: unlike financial leasing, operational leasing does not transfer almost all the risks and benefits of the asset's ownership to the lessee.

Pool: equipment grouping.

Pusher, push-tug: motorized vessel used to push river barges.

Operating income: all charges and income not resulting from financial activities, companies accounted for using the equity method, discontinued activities and taxes.

Current operating income: operating profit restated for other operating income and expenses which correspond to very limited, unusual, abnormal and infrequent income or expenses.

TEU (Twenty-Foot Equivalent Unit): Twenty-Foot Equivalent Unit - measurement unit for containers. This unit may be physical (one 40' container is the equivalent of two 20' containers) or financial (the price of a 40' container is equal to 1.6 times the price of a 20' container). The measurement unit used in this report is the physical unit (TEU), unless otherwise indicated (financial unit = CEU). A 20-foot container is worth 1 TEU and a 40-foot container counts for 2 TEUs.

Intermodal transport: the carriage of goods using more than one means of transport, integrated over long distances and in the same container.

Freight railcar: Railcar used to transport goods.

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