

BEST WISHES TO ALL FOR 2022!

Dear customers, partners and collaborators,

In 2021, **Touax** successfully continued its development in its three equipment leasing activities at the service of sustainable transportation.

Despite the complex global situation mainly due to the health crisis and the logistical disruptions linked to the recovery, **Touax** has shown agility and great resilience in all its activities, and has continued to grow.

Touax Containers' activity was particularly buoyant, with a today's utilization rate at 99.6%, which reflects sustained demand and the development of logistics and e-commerce worldwide. After a limited drop of 1% in containerized trade in 2020, the increase is over 6% in 2021. The division also continued its development in containers' trading, particularly in the USA, which experienced the strongest recovery. Already the top European leasing company, **Touax Container** now ranks 7th worldwide after the merger of 2 competitors. Convinced that our customers need alternative offers and diversification, we will accelerate our development in 2022 both on leasing activity and trading of new and used containers on a regular basis to meet their demand.

Touax Railcars' activity is experiencing an improvement in its utilization rate, which currently stands at 87%. In Europe, the full use of our wagons is being delayed by the difficulties encountered by the automotive sector, which has troubles honoring its record orders mainly due to a lack of electronic semiconductors. However, the overall trend remains positive with a resumption of investments and the commissioning by **Touax Railcars** of more than 1000 wagons (platforms) in 2021 and early 2022. We can also pinpoint that this activity enjoys the support of the entire European political class which made 2021 the Year of Rail with the objective of accelerating the modal shift (road to rail) and increasing rail's market share by 30% in 2030 against 18% today. Our customers and the European Green Deal bodies can totally count on **Touax** to support the efforts and achieve this objective.



Touax River Barges' activity, present in North and South America and in Europe, has a utilization rate of over 95%. 2021 was especially marked by our European investments on the Rhine and Seine (transport of construction materials to support infrastructure projects around Paris, and transport of biomass to replace coal at power stations in the Netherlands).

Touax is also present in Africa with a modular construction sales activity. The Group has delivered more than 100,000m² of primary and high schools in the Ivory Coast and continues to develop with a multitude of new customers who show real satisfaction with our products and the quality of the services offered.

Our support for sustainable transport was once again recognized by our financial partners in 2021 with the establishment of a "green loan" of € 80 million on one of the investment vehicles for which we ensure the operational management ("Real Asset Income Fund"). This Luxembourg regulated fund allows investors who wish to invest directly in assets alongside us, to do so.

Finally, **Touax** continues to undertake initiatives to increase the quality of its services and the satisfaction of its customers with a sustained training effort. We are happy to announce that 100% of our workforce has now been trained in 2021 in the principles of Lean Management / 6 Sigma with many certifications in progress.

We warmly thank all **Touax's** teams for their efforts, as well as our partners and customers for their loyalty.

We wish everyone a Happy New Year, and all the best for 2022!

Fabrice and Raphaël Walewski

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Touax

RAILCARS DIVISION



GLOBAL BUSINESS

Touax Rail benefited out of the dynamic market and kept increasing the already positive trend of its utilization rate and per diem over the past quarters of 2021.

An additional contribution to it was and will be brought by the integration of new equipment in the **Touax Rail's** fleet.



Laers wagons

We already got hundreds of new 6 axle wagons Sggrss 80' and 6 axle wagons Sggmrrs 90' dedicated to the intermodal market delivered in 2021 and the remainder of our orders will be delivered over 2022.

Our most advanced design Laers wagons (car transporter wagon) have also been produced and delivered along 2021 and we expect more to come in 2022!

In addition to the European market, **Touax Rail** continues being active in India and it is increasing its fleet on lease with the purchase of new Rakes for the transportation of various cargo.

Beside the injection of new assets, **Touax Rail** is strongly focusing on making sure that its current equipment fits with the market demand.



Aggregate cars

After a successful first trial, **Touax Rail** launched over second semester 2021 in the UK an additional conversion program of existing **Touax** coal cars into aggregate cars (see picture).

Several additional orders for new wagons have been placed for productions in 2022.

ORGANISATION

In order to provide a higher customer experience, **Touax Rail** enhanced its team with:

Michel DEMBINSKI, GENERAL MANAGER TOUAX RAIL LTD, in the UK

Christophe FLICHY, AREA MANAGER WESTERN EUROPE, in France

Sophouen BIZET, FLEET MANAGER, in France

Loucif SALEM, FLEET MANAGER, in France

Sandra JEAN-LOUIS, FLEET ASSISTANT, in France

Furkan IKIZ, PROJECT MANAGEMENT OFFICER, in France

Gary PENNANT, FLEET MANAGER, in the UK

Dario CYPPEL, FLEET MANAGER, in Hamburg

Damien MULHALL, FINANCIAL ACCOUNTANT, in Ireland

Dorota WALCZAK, Accounts Receivable and Payable Specialist, in Ireland

ANNUAL YEAR OF RAIL WITH ERFA



The main events embodying the European Year of Rail was the Connecting Europe Express, a special train that crossed most EU Member States and neighbouring countries. From Lisbon the train stopped in more than 100 cities, 20,000 km journey, taking on board railway stakeholders, EU officials and decision-makers, and using all stops to showcase the benefits of rail, highlighting the challenges to solve. As a symbol of the fragmentation of European railway, three different trains were used, because of the three different gauges existing in continental Europe. The trains were provided by incumbent railway companies members of the Community of European Railways. The main train reached its final destination at Gare de l'Est in Paris on October 7th.

On 14 December, the European Commission published the proposals related to the revision of the Trans-European Transport Network (TEN-T) guidelines and of the Rail Freight Corridors Regulation. The Commission is also working on a legislative proposal related to capacity management, an update of the Trains Drivers Directive, a revision of State Aid guidelines for Railway Undertakings and for supporting modal shift, and a revision of the Combined Transport Directive.

Lots of work must still be achieved for making modal shift from road to rail a reality, but the train is moving in the right direction!

As factual actions, Germany, Belgium and France reduced track access charges to support the modal shift and the effects of the pandemic situation.

RIVER BARGES DIVISION



GLOBAL BUSINESS

According to the CCNR periodical Reports in 2021, the coronavirus has weighed heavily on the economic indicators for 2020 and has not spared inland navigation. The fall in GDP in the EU in 2020 was indeed higher than during the financial crisis of 2009. In the third quarter of 2021, GDP increased by 2.1% in the EU area compared with the previous quarter (+2%). Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 3.9% in the EU in the third quarter of 2021 and is expected to jump to 5.1% by the end of year, reach 4.3% in 2022, and moderate in 2023 to 2.5%.

The impact of this pandemic crisis was also felt by inland navigation sector. However, inland waterway cargo transport was more resilient than in earlier crisis situations. Transport performance on inland waterways in Europe (EU plus Switzerland, Serbia and Ukraine) increased by 4.0% in the first quarter of 2021 compared to the same period in 2020.

After a period of decreasing transport performance (low waters in 2018, macroeconomic weakness in 2019, Covid crisis in 2020), cargo transport on the Rhine and on Dutch waterways started to recover between Q3 2020 and Q1 2021. More recent data point to an increase of 4.7% in transport volume during the first eight months of 2021, compared to the same period in 2020. However, the difference compared to the level in the first eight months of 2019 was still 6.9%. While transport performance in Belgium

and France was rather constant, with some fluctuations, Danube navigation continued its upward trend

For transport related to the steel and chemical industries, a recovery is foreseen in 2021 and 2022. For agricultural products, lower harvest results in 2021 are expected to dampen transport demand in 2021, and also partly in 2022.

NEW BUILDING

On last October, **Touax River Barges** received two industrial dry bulk barges just built in an Eastern European Shipyard. The barges are now in the Netherlands where they are being equipped with a bow thruster, manned by a 500 HP engine. They were delivered to the final client in December. The barges will be operated on the Seine River and will transport raw building material.



TOUAX INNOVATION: NEW BARGES EQUIPPED WITH GREEN BOW THRUSTERS TO REDUCE EMISSIONS AND FACILITATE NAVIGATION

With the objective to make river transportation even greener, a new European standard, called EMNR (non-road mobile engine - UE 2016/1628) has been established. This new standard is stricter than the previous one, aiming to reduce the emission rates in the exhaust gases and to drastically cap the maximum limits for the pollutant emissions of propulsion engines.

The EMNR regulation defines two categories of engines, those used for direct or indirect propulsion of vessels and those considered "auxiliary", which can be used under this regulation and are intended exclusively for inland waterway

vessels over 19kW (26 HP). Technically the modification consists in an injection of urea (AD Blue) inside the exhaust pipe, thus, the nitrogen oxides are transformed in steam.

In this context, **Touax River Barges** has decided to equip its 2 new dry bulk river barges with a bow thruster in order, as a premiere, to meet the requirements of the new regulation.



MARINE CONTAINERS DIVISION

GLOBAL BUSINESS

Supply chain constraints continue to drive the market with severe congestion at many ports across the world. In the second half of this year the entire logistics system was even more hit by ships having to wait even longer to access a berth, a global shortage of truck drivers and congestion at several depots, with containers remaining in yards and at warehouses/distribution centres for much longer periods of time.

This generated over 2021 container cycle times on some trades increase by more than 20%, compared with pre-pandemic levels, and any return to near-normal trading conditions is unlikely before the summer of 2022 at the earliest.

In addition to that, the growing energy shortages in China, with an increasing number of power outages, are affecting the industry and many of its suppliers of components, especially steel.

The Chinese government continues to put pressure on those industries that use large amounts of energy to reduce their emissions and this includes also container manufacturers.

And the Olympic Winter Games will take place in China from February 4th to 20th... while the Omicron or other variants of the virus could bring even more uncertainty!

2021 saw increasing lease durations for new containers, in average at 12-13 years, and contractual extension of the existing fleet on life-cycle leases. **Touax Container's** average utilization rate over the period was at 99.6% thanks to these favorable market conditions and the valuable support from its customers.

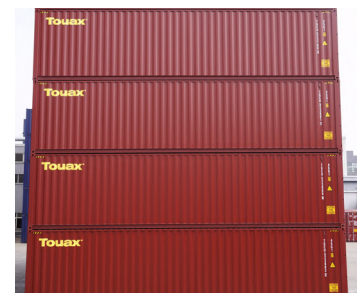


Customised storage unit

This positive environment allowed us to strongly commit in additional orders to supply new containers to a well-diversified panel of shipping lines collaborating with us since years.

Second-hand prices hit record levels in the third and fourth quarter of 2021, due to the still high shortage of old units available for sale. The secondary market was extremely tight with few transactions and high prices.

With such a shortage of used containers for sale, **Touax Container** has kept the pace of its production of new units for trading through its principle of conveyor belt, with regular monthly orders.



New 40'HC for leasing

For the first time we reached over 10 000 units produced on a yearly basis for the Trading activity, with the consolidation of our presence in the American market as well as the opening of new ones as UK.

This allowed us to enhance our relationship with our key loyal customers and open the collaboration with new ones.

Through a recent survey, the majority of container logistics companies declared that they expect the supply chain performance to remain the same over the next 12 months, and some of them even to deteriorate further. In 2022 persistent unpredictability is warranted but we will keep sourcing regularly equipment for our business partners!

ORGANISATION

In the second half of 2021 we have kept reinforcing our team:

Brice ADOHOANSI has been appointed Supplier Accountant, based in Paris

We congratulate 12 of our team-members who achieved the Yellow Belt Certification in 2021:

AMERICAS: Demetrius CASTRO, Valentina FRAGA, Victoria LEE, Samuel SUFLER and Edward TYSON

ASIA: Cheryl LEE, Dennis LEE and Joe QIU

EMEA: Mikkel FALSIG, Amany ISKANDER, BichDiem LE NGUYEN and Tom NIEMEIER

« DIGITALISATION:

TOUAX IS WORKING ON ITS PREDICTIVE MAINTENANCE PROJECT ALONG THE SUCCESSFUL INSTALLATION OF SAVVY TELEMATIC SYSTEMS ON TOUAX WAGONS ».

As a certified Entity in Charge of Maintenance, every year **Touax Rail** ensures the maintenance of more than 10 642 plateformes in Europe and UK, to make sure they always run safely along their in-service life-cycle.



6 axle wagons
Sggrss 80' and 90'

Due to the maximum fitting to the customers' transport capacity and the strong portion of intermodals in our fleet, the usage of our wagons is intensive with a significant mileage affecting strongly the wheelsets – the most safety relevant

component and the most costly in both procurement and maintenance.

Overall, this is a highly consuming CAPEX activity, with more than € 25Millions spent yearly.

One of the main goals of the Operations Department of **Touax Rail** is to proactively explore solutions to increase the safety and at the same time reduce the expenditure.

Since few years, digitalization and data maintenance have become our key success factors for a successful fleet management, through the installation of IOT devices such like GPS on the wagons. One of the main challenges is to be able to adjust more finely the scope and schedule of the maintenance activities to the real requirement of each equipment.

So since last year we have launched our predictive maintenance project to be deployed following several steps:

Step 1: scheduled for 2022, it is to calculate the True Mileage of each of our wheelsets from the real mileage of each of our wagons provided by either GPS data (the most accurate), by our customer or ultimately from the contractual mileage specified in the lease agreement.

Step 2: planned for the first half of 2023, it consists in forecasting more accurately the maintenance required for those wheelsets: IS1 (reprofiling of the wheels), IS2 (revision of the bearing box) and IS3 (pressing of new wheels).

To do so, we will consider, for each wheelset, its true calculated mileage (step 1 above), its technical features as well as the operating conditions of the Lessee assessed at each maintenance session through our Return on Experiences and Machine Learning process.

The accuracy of this forecast will be further improved through the faster collection of the data: "Web portal project", their improved accuracy "VERS project", and finally by improving the prediction of maintenance schedule with additional useful data such as accelerometers, Wayside monitoring data, declivity on the traffic route and reset with regular wheel profile measurements.

GPS SERVICES

Thanks to the digitalisation of its fleet, **Touax Rail** offers the following services:

- ▶ A better Positioning (wagon location)
- ▶ A true follow up of Mileage (wagon performance)
- ▶ ETA (a better damages claim management (eg. chocks/impacts))
- ▶ Movement stand/still (performance of the fleet)
- ▶ Geofencing (devices alert messages)

CORPORATE

FINANCE & IT

In 2021, the Group's performance remains positive against a backdrop of economic recovery worldwide.

Total restated revenue from activities at the end of the third quarter amounted to €82.7 million (€84.6 million at constant scope and currency), compared with €80.7 million in the same period in 2020, for an increase of €2 million (+2.5%).

This year was marked by a return to growth in investments with the acquisition of new wagons, new containers and new river barges to create sustainable value. The finance teams have therefore endeavored to finance these acquisitions through asset financing lines set up at the end of 2020 and new financing lines opened in 2021, especially for river barges.

These developments confirm the growth strategy focused on the

operational lease of equipment for sustainable and environmentally friendly transportation and highlight the successful execution of this strategy at the operational level.

Our IT Department held a comprehensive evaluation of the solutions available in the market to integrate a new operating system for the Container Division and it is ready to launch the project in 2022.

Keeping its focus on digital smart solutions to improve efficiency and provide better service to its customers, it also started testing the software "DocuSign", allowing a safer and easier management of digital signature of contracts and other official documents.

The tool has been already adopted by the Container Division for its internal work-flows and will be tested soon with one of the biggest customer.

ASSET MANAGEMENT

The Asset Management Team continues to grow and diversify the investor base through both the Real Asset Income Fund, a Luxembourg fund and Managed Accounts.

TX Rail Finance 4 ("TXRF4"), one of the investment vehicles for railcars managed by **Touax Rail Limited**, entered into a Green Finance Framework ("Framework"), with the closing of a senior secured green loan financing for € 74,4M with a term of 5.5yrs. A leading ESG research, ratings and data firm provided a third party opinion. The transaction includes an Accordion facility for an additional €20M. The underlying fleet is a well-diversified portfolio of new and used standard gauge European railcars of which approximately 36% are intermodal railcars, 34% sliding wall railcars and 30% automobile transporters.

The successfully closed deal underlines the fact that rail transport is fundamentally a green sector, with a CO2 footprint far below road freight transport, and that railcars truly contribute to de-carbonization.

The Framework, under which the transaction closed, aligns to the 4 core components of the Green Loan Principles 2021:

- ▶ Use of proceeds: the financing of the railcar fleet for low-carbon transport will lead to positive environmental impacts, aligned to the clean transportation category, and advances the UN Sustainable Development Goal 9.
- ▶ project evaluation/selection will be managed by Touax as operational advisor to TXRF4, and manager of the railcars according to the Framework with final selection decided by TXRF 4 Board of Directors

- ▶ under the direction of the TXRF 4 Board of Directors management of proceeds will be coordinated by Touax's Asset Management team under the Green Loan.
- ▶ Reporting: fair market value of Green Assets will be provided, plus impact reporting which may provide indicators as approximation of the reduction in GHG emissions.

"TXRF4 is extremely proud to have successfully refinanced the existing portfolio through a Green Loan – commented Fabrice Walewski on behalf of the TXRF 4 board - This underlines the positive impact of railcar investment in lowering the impact of CO2 emissions which is also in line with Touax Group's overall principals of investing as an owner and manager, in sustainable assets".

TXL Container Leasing Limited ("TXL"), the investment vehicle for container assets for which **Touax** is also the manager successfully invested in a mixed portfolio of new and used containers for a value of \$14.5M. TXL now has a fleet of \$25M of containers and is finalizing a new debt facility, which will allow the company to continue to invest in 2022.

The performance of the Real Asset Income Fund and Managed Accounts continues to be in line with expectations and was unaffected by rolling shut downs and disruption of Covid 19 demonstrating the strength of the business model.

HUMAN RESOURCES

Touax is bedding down its continuous improvement philosophy. In December 2021, 20 employees graduated as part of the first promotion of our Lean 6 Sigma Yellow Belt certification program. This has been achieved through a blended learning journey and the investment of the candidates. In this occasion, some great projects were initiated or achieved over the year, adding substantial value to **Touax**.

These certifications accelerate the transformation of the group and of working methods to achieve operational excellence and the best customer

satisfaction. We will continue building our people competences through a renewed partnership with Skillsoft.

Last September, we have started to implement a new worldwide teleworking policy. Our people are eligible to 11 days of teleworking per month. This significant evolution is a result of our lessons learnt during the pandemic, the evolution of our management practice and the development of a feedback culture within the company. This policy allows **Touax** to conciliate its operational efficiency with the well-being of its people.

ON THE WAY FOR THE GREEN BELT

Touax, through its leasing solutions of transportation assets, contributes to the development of alternative forms of transport to road.

MULTIMODAL TRANSPORT

Goods transportation that employs more than one mode of transport

INTERMODAL TRANSPORT

Multimodal goods transportation where the cargo is carried in an intermodal loading unit throughout the entire journey

COMBINED TRANSPORT

Intermodal good transportation where the road legs of the journey are kept to a minimum while the longest possible section of the distance is covered by non-road modes of surface transport



379,871 containers (EVP)



98 river barges



10,642 platforms

In 2021, **Touax** achieved several goals to consolidate its contribution to the environment.



Touax is dedicated to sustainable transport and places great importance on its rating with the Gaia Index.

The Gaia Index is the only CSR index for French SMEs. Each year, Ethifinance analyzes the CSR performance of 230 listed French SMEs and mid-cap companies on the sole basis of their ESG performance (environment, social and governance).

We are very happy to announce that **Touax** obtained an ESG score of 72/100 for the 2020 financial year. We are in clear progress since we had an overall ESG score of 43 in 2018 and 2019 “.



Our support for sustainable transport was once again recognized by our financial partners in 2021 with the establishment of a “green loan” of € 80 million on one of the investment vehicles for which we ensure the operational management (“Real Asset Income Fund”). This Luxembourg regulated fund allows investors who wish to invest directly in assets alongside us, to do so.



TOUAX Container introduced in 2021 the OSB (Oriented Strand Board) floor.

This floor is produced with cultivated fast-growing secondary woods (5-6 years) from reasonable recycle of planting, protecting the wild wood resources.

It has already been approved by the various global certification bodies, such as BV / CCS / ABS, ISO 90001-2008/14001-2004, GB/T28001-2011/OHSAS180001, CARB (California Air Resources) Board, FDS, FSC/FM (Forest Stewardship Council/Forest Management Certificate), FSC/COC (Forest Stewardship Council/Chain of Custody), PEFC (Programme for the Endorsement of Forest Certification)

MAIN EVENTS

CONTEST “WIN A CONTAINER”

We are glad to announce that **Aztec Container** is the winner of the contest launched by **Touax Container** in 2021!

At the opening of one of the containers they purchased from us they had the surprise to read “*Congratulations, I’m for free!*”.

Touax Container is working on new ideas to please its buyers in 2022!



The winners of the contest

NPSA FALL EVENT

Touax Container AMR Resale & Trading team hosted all the NPSA members for a lunch at the NPSA fall event from October 3rd to 5th.

It was a great occasion to thank all our partners that contributed to one of the record year of **Touax Container** in the resale and trading activity in North America.



Touax Team at NPSA

TOUAX CONTAINER YEARLY SEMINAR

Touax Container held its 2021 yearly seminar in London from December 11th to 15th.

The main objectives were to meet together after 2 years of remote working and share the strategic vision over the coming 5 years.

It was also the opportunity to share a visit of this beautiful city!



Touax Team at Tower Bridge

RIVER DATING EXHIBITION

Last October **Touax River Barges** held a stand in the 2021 River Dating Exhibition, organized by Voies Navigables de France (VNF) in Lyon (France). On this occasion, VNF signed a cooperation agreement with the Compagnie Nationale du Rhône (CNR) for an amount of one million of euros. This sum, allocated to the “Plan d’Aide à la Modernisation et à l’Innovation” (PAMI) until 2023, is aimed to promote the “greening”, modernization and modal report in inland transportation.

For more details, please visit the website: <https://riverdating.vnf.fr>



River Dating Exhibition

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Any questions, ideas or comments on this Newsletter, please contact:

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