

Financial statement



FINANCIAL STATEMENT

Consolidated income statement

| Amounts in 1 000 CHF | 2019 | 2018 |
|---|----------|----------|
| Net income from supplies and services | 611 148 | 579 723 |
| Other income | 73 768 | 73 675 |
| Cost of the services | -561 331 | -531 166 |
| Gross profit | 123 585 | 122 232 |
| Payroll expenses | -45 645 | -43 150 |
| Other operating expenses | -16 036 | -15 423 |
| Depreciations and value adjustments | -53 100 | -52 015 |
| Operating result before financial positions | 8 804 | 11 644 |
| Financial income | 372 | 273 |
| Dividend income | 562 | 0 |
| Financial expenses | -2 874 | -2 176 |
| Result from associates | 174 | 663 |
| Foreign exchange differences | -1 026 | -201 |
| Ordinary operating result | 6 012 | 10 203 |
| Non-operating income | 448 | 125 |
| Non-operating expenses | -3 | -994 |
| Extraordinary income | 1 954 | 730 |
| Gain from disposal of fixed assets | 452 | 265 |
| Gain from investments | 338 | 1 905 |
| Extraordinary expenses | -983 | -136 |
| Loss from disposal of fixed assets | -28 | -177 |
| Annual result before taxes | 8 190 | 11 921 |
| Direct taxes | -3 080 | -3 916 |
| Annual result | 5 110 | 8 005 |
| Minority interest | 16 | -119 |
| Annual result of the Group | 5 126 | 7 886 |

Consolidated balance sheet

| Amounts in 1 000 CHF | 31.12.2019 | 31.12.2018 | Amounts in 1 000 CHF | 31.12.2019 | 31.12.2018 |
|--|------------|------------|---|------------|------------|
| ASSETS | | | LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Cash and cash equivalents | 63 671 | 62 117 | Account payables from supplies and services | 56 218 | 58 236 |
| Receivables from supplies and services | 78 666 | 72 886 | - third parties | 56 030 | 58 161 |
| - third parties | 65 797 | 61 341 | - shareholders | 188 | 75 |
| - shareholders | 12 869 | 11 545 | Onerous short-term debts | 7 991 | 7 083 |
| Other short-term receivables | 9 244 | 21 112 | - third parties | 7 991 | 7 083 |
| - third parties | 9 244 | 21 112 | Other short-term debts | 6 207 | 7 433 |
| Stocks and services non invoiced | 11 353 | 12 430 | - third parties | 6 207 | 7 433 |
| - stocks | 3 092 | 3 315 | Accrued expenses | 39 614 | 55 728 |
| - services not invoiced | 8 261 | 9 115 | Short-term provisions | 202 | 387 |
| Accrued income | 30 439 | 30 215 | Total short-term liabilities | 110 232 | 128 867 |
| Total current assets | 193 373 | 198 760 | Onerous long-term debts | 135 159 | 87 335 |
| Financial fixed assets | 596 | 68 | - third parties | 135 159 | 87 335 |
| - Long-term receivables from third parties | 589 | 57 | Other long-term debts | 48 806 | 51 096 |
| - Other financial fixed assets | 7 | 11 | - third parties | 48 806 | 51 096 |
| Investments | 42 748 | 44 205 | Long-term provisions | 125 516 | 120 640 |
| Tangible fixed assets | 277 547 | 238 945 | Deferred tax liabilities | 5 449 | 2 032 |
| - Assets under construction | 15 490 | 13 325 | Total long-term liabilities | 314 930 | 261 103 |
| - Technical equipment | 12 326 | 13 480 | Total liabilities | 425 162 | 389 970 |
| - Rolling stock | 111 107 | 106 179 | Minority interests | 8 816 | 558 |
| - Plants on third parties' lands | 6 529 | 8 543 | Share capital | 20 000 | 20 000 |
| - Terminals, buildings and land | 124 049 | 91 290 | Statutory capital reserves | 18 701 | 16 238 |
| - Other tangible fixed assets | 8 046 | 6 128 | Statutory retained earnings | 54 222 | 54 043 |
| Intangible fixed assets | 25 663 | 18 660 | Voluntary retained earnings | 37 920 | 38 075 |
| Deferred tax assets | 4 574 | 1 016 | Translation difference | -19 120 | -15 405 |
| Total fixed assets | 351 128 | 302 894 | Treasury shares | -1 200 | -1 825 |
| Total assets | 544 501 | 501 654 | Total shareholders' equity | 110 523 | 111 126 |
| | | | Total liabilities and shareholders' equity | 544 501 | 501 654 |

Consolidated cash-flow statement

| Amounts in 1 000 CHF | 2019 | 2018 |
|---|---------|---------|
| Annual result of the Group | 5 126 | 7 886 |
| Depreciation of tangible assets | 38 565 | 35 162 |
| Depreciation of intangible assets | 6 050 | 3 958 |
| Change in value of investments | -60 | 588 |
| Variation of provisions | 4 607 | 22 694 |
| Other non monetary items | -7 | 206 |
| Net result from sale of tangible assets | -424 | -88 |
| Net result from sale of investments | -338 | -1 905 |
| Income from associated companies | -174 | -663 |
| Minority interests | 129 | -386 |
| Variation of inventories | 161 | 58 |
| Variation of short-term receivables | 6 686 | -19 710 |
| Variation of short-term liabilities | -28 251 | 12 159 |
| Cash flows from operating activities | 32 070 | 59 959 |
| Purchase of tangible assets | -45 029 | -71 326 |
| Proceeds from sale of tangible assets | 506 | 1 232 |
| Purchase of intangible assets | -13 013 | -9 751 |
| Proceeds from sale of intangible assets | 18 | 0 |
| Purchase of investments | -14 349 | -7 238 |
| Proceeds from sale of investments | 338 | 7 295 |
| Cash flows from investing activities | -71 529 | -79 788 |
| Variation of financial receivables | -1 262 | 144 |
| Variation of financial loans | 44 136 | 29 451 |
| Treasury shares | 625 | 243 |
| Dividends payment | -1 564 | -1 560 |
| Cash flows from financing activities | 41 935 | 28 278 |
| Variation | 2 476 | 8 449 |
| Cash at beginning of the year | 62 117 | 54 550 |
| Foreign exchange differences on cash | -922 | -882 |
| Cash at end of the year | 63 671 | 62 117 |

Principles applied in these financial statements

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO) (effective 1 January 2013).

Accounting policies

Consolidation principles

The consolidated financial statements of Hupac Ltd have been prepared using the purchase price method, in line with the following principles and in accordance with the provisions of Swiss company law.

The consolidated financial statements of Hupac Ltd are based on the individual annual accounts of the Group's foreign subsidiaries, which have been prepared in accordance with uniform, generally accepted accounting and valuation principles, as well as on the statutory financial statements of the Swiss subsidiaries. The consolidated financial statements as at 31 December 2019 also include an additional general risk provision of CHF 8.2 million.

Consolidated companies

The consolidated financial statements include the annual results of Hupac Ltd and its Swiss and foreign subsidiary companies in which the parent company has a direct or indirect shareholding of more than and with 50% or a relative majority, has the voting majority and exercises a predominant influence on the conduct of the company.

Associated companies in which the parent company has more than 20% and up to 50% of the voting rights are consolidated using the equity method. Interests of minor significance are not included in the consolidation.

Method of consolidation

Assets and liabilities as well as revenue and expenditure of the consolidated companies are included in full. The purchase method is used for capital consolidation. This involves capitalizing - as goodwill from acquisitions - the difference between the purchase price of a company and the fair market value of the net assets thus acquired, which is amortized on a straight-line basis over a period between five and twenty years.

All balances, transactions and unrealized profits existing between Group companies are eliminated during the consolidation process. Dividends paid by consolidated companies are set off and allocated to the reserves. Minority shareholders' share of equity and profits appear separately on the balance sheet and income statement, respectively.

Conversion and transactions in foreign currencies

Transactions in foreign currencies by subsidiaries are converted and booked using the rate of exchange prevailing at the time of the transaction. Exchange rate differences are included in the income statement. Foreign currency balances at the end of the year are converted at the respective year-end exchange rate. Any resulting exchange gains are included in the income statement. A provision is made for unrealized exchange gains.

In the consolidated financial statements the assets and liabilities of foreign subsidiaries are converted into Swiss francs using the year-end exchange rate. The average exchange rate for the respective year is used to convert the income statement. Any translation differences resulting from converting the balance sheet at year-end exchange rates and the income statement at average exchange rates are credited or debited to equity under "Translation differences" and thus do not affect profit.

Revenues from supplies and services

Turnover resulting from supplies and services is booked at the time of performance. Turnover is shown without VAT and after deduction of any discounts and price reductions granted to customers. Revenues from supplies and services comprises sales to customers, UIRR companies and third parties for services performed on the transport network of Hupac, as well as for the hiring-out of wagons outside this transport network, logistics services and miscellaneous.

Other income

In this position are disclosed the governmental grants.

Cost of supplies and services

The cost of supplies and services is made up of the charges invoiced to Hupac for the provision of the necessary supplies and services (including freight charges, leasing of wagons, maintenance, terminal charges, operational insurance premiums and miscellaneous) for achieving the turnover with customers, UIRR companies and third parties.

Events after the closing date

Due to the exceptional situation caused by the "Coronavirus" pandemic (COVID-19) in the first months of 2020, Hupac SA Group has experienced a significant decrease in activity and turnover starting in April. Undoubtedly, this will have a negative impact on 2020 financials statement of the Group. As the crisis has not yet been overcome, the group managers can until now, not yet foresee what the outcome of the COVID-19 Crisis will be. Nonetheless, they think it will not challenge the financial strength of the Group.

The following companies were fully consolidated:

| Company | | Share or company capital | Interests as % | |
|--|-----|--------------------------|----------------|------------|
| | | | 31.12.2019 | 31.12.2018 |
| Hupac Ltd, Chiasso | CHF | 20 000 000 | | |
| Hupac Intermodal Ltd, Chiasso | CHF | 250 000 | 100.00 | 100.00 |
| Hupac SpA, Busto Arsizio | EUR | 2 040 000 | 96.99 | 96.99 |
| Sub-interests of Hupac SpA, Busto Arsizio: - Fidia SpA, Milan | EUR | 550 000 | 3.00 | 3.00 |
| Hupac GmbH, Singen | EUR | 210 000 | 100.00 | 100.00 |
| Termi Ltd, Chiasso | CHF | 2 000 000 | 100.00 | 100.00 |
| Sub-interests of Termi Ltd, Chiasso: - Termi SpA, Busto Arsizio | EUR | 2 000 000 | 95.00 | 95.00 |
| Termi SpA, Busto Arsizio | EUR | 2 000 000 | 5.00 | 5.00 |
| Fidia SpA, Milano | EUR | 550 000 | 97.00 | 97.00 |
| Centro Intermodale SpA, Milano | EUR | 2 769 700 | 100.00 | 100.00 |
| Sub-interests of Centro Intermodale SpA, Milan: - Terminal Piacenza Intermodale Srl, Piacenza | EUR | 52 000 | 100.00 | 100.00 |
| Hupac Intermodal Italia Srl, Busto Arsizio | EUR | 100 000 | 100.00 | 100.00 |
| Hupac Intermodal BVBA, Antwerp | EUR | 1 601 000 | 99.94 | 99.94 |
| Hupac Intermodal NV, Rotterdam | EUR | 200 000 | 100.00 | 100.00 |
| Sub-interests of Hupac Intermodal NV, Rotterdam: - Hupac Intermodal BVBA, Antwerp | EUR | 1 601 000 | 0.06 | 0.06 |
| Intermodal Express LLC, Mosca | RUB | 3 000 000 | 75.00 | 75.00 |
| Sub-interests of Intermodal Express LLC, Moscow: - Hupac LLC, Moscow | RUB | 60 000 000 | 2.00 | 2.00 |
| Hupac LLC, Mosca | RUB | 60 000 000 | 98.00 | 98.00 |
| Hupac Terminal Brwinów Sp. z o.o., Brwinów | PLN | 100 000 | 100.00 | 100.00 |
| Hupac International Logistics (Shanghai) Co. Ltd, Shanghai | CNY | 5 000 000 | 100.00 | 100.00 |
| Hupac Maritime Logistics GmbH, Duisburg* | EUR | | - | 100.00 |
| Piacenza Intermodale Srl, Piacenza | EUR | 8 430 300 | 100.00 | 100.00 |
| ERS Railways GmbH, Hamburg* | EUR | 200 000 | 100.00 | 100.00 |
| Combiconnect Srl, Milan | EUR | 500 000 | 100.00 | - |
| Sub-interests of Combiconnect Srl, Milan: - Centro Interportuale Merci CIM SpA, Novara | EUR | 24 604 255 | 43.86 | - |
| Centro Interportuale Merci CIM SpA, Novara | EUR | 24 604 255 | 23.17 | 3.64 |
| Sub-interests of CIM SpA, Novara: - Crosstec Srl, Novara | EUR | 100 000 | 85.00 | - |
| TIN Terminal Intermodal Nord GmbH, Singen | EUR | 50 000 | 100.00 | - |

* In 2020 ERS Railways BV merged into Hupac Maritime Logistics GmbH: the new company name is ERS Railways GmbH.

The following companies were consolidated using the equity method:

| Company | Registered in | Interests as % | |
|----------------------------------|----------------------|----------------|------------|
| | | 31.12.2019 | 31.12.2018 |
| Mercitalia Intermodal SpA | Milan (Italy) | 34.48 | 34.48 |
| Terminal Alptransit Srl | Milan (Italy) | 42.00 | 42.00 |
| RAlpin Ltd | Olten (Switzerland) | 33.11 | 33.11 |
| SBB Cargo International Ltd | Olten (Switzerland) | 25.00 | 25.00 |
| Cesar Information Services Scarl | Brussels (Belgium) | 25.10 | 25.10 |
| Combinant NV | Antwerp (Belgium) | 35.00 | 35.00 |
| Terminal Singen TSG GmbH | Singen (Germany) | 50.00 | 50.00 |
| Gateway Basel Nord AG | Basel (Switzerland) | 24.50 | 24.50 |
| Kombi-Terminal Düsseldorf GmbH | Düsseldorf (Germany) | - | 33.33 |
| Rail Terminal Chemelot (RTC) BV | Geleen (Netherlands) | 40.00 | 40.00 |
| boxXpress GmbH | Hamburg (Germany) | 47.00 | 47.00 |
| Eurogateway Srl | Novara (Italy) | 46.49 | 6.06 |

Table of currency conversion

| | Balance sheet | | Income statement | |
|---------|---------------|------------|------------------|----------|
| | 31.12.2019 | 31.12.2018 | 2019 | 2018 |
| CHF/EUR | 1.08580 | 1.12650 | 1.11280 | 1.15470 |
| CHF/RUB | 0.01560 | 0.01417 | 0.015400 | 0.015643 |
| CHF/PLN | 0.25500 | 0.26197 | 0.258900 | 0.271031 |
| CHF/CNY | 0.13910 | 0.14321 | 0.143900 | 0.149730 |

Shareholders' equity movements

| Amounts in 1 000 CHF | Share capital | Reserves and Group results | Treasury shares | Translation differences | Total | Minority interests |
|---|---------------|----------------------------|-----------------|-------------------------|---------|--------------------|
| Balance at 1 January 2018 | 20 000 | 102 421 | -2 068 | -11 163 | 109 190 | 1 033 |
| Translation differences | | | | -3 272 | -3 272 | -89 |
| Translation differences of associated companies | | | | -970 | -970 | |
| Net equity adjustment | | -392 | | | -392 | -505 |
| Movements of treasury shares | | | 243 | | 243 | |
| Parent company dividend | | -1 559 | | | -1 559 | |
| Consolidated profits 2018 | | 7 886 | | | 7 886 | 119 |
| Balance at 31 December 2018 | 20 000 | 108 356 | -1 825 | -15 405 | 111 126 | 558 |
| Translation differences | | | | -2 713 | -2 713 | -184 |
| Translation differences of associated companies | | | | -1 002 | -1 002 | |
| Net equity adjustment | | -1 075 | | | -1 075 | 8 458 |
| Movements of treasury shares | | | 625 | | 625 | |
| Parent company dividend | | -1 564 | | | -1 564 | |
| Consolidated profits 2019 | | 5 126 | | | 5 126 | -16 |
| Balance at 31 December 2019 | 20 000 | 110 843 | -1 200 | -19 120 | 110 523 | 8 816 |

Treasury shares

| Registered shares | 2019 | 2018 |
|----------------------------|------|------|
| Initial holdings on 01.01. | 462 | 503 |
| - Purchase | 1 | 23 |
| - Sale | -106 | -64 |
| Final holdings on 31.12. | 357 | 462 |

The transactions were concluded on market-based condition.

| | 2019 | 2018 |
|---|------|------|
| Personnel - average number of full-time equivalents | 537 | 504 |

Derivative instruments - As at 31.12.2019

| Amounts in CHF | Contract volume as at 31.12.2019 | Fair values as at 31.12.2019 | Fair values as at 31.12.2018 |
|---|----------------------------------|------------------------------|------------------------------|
| Transactions interest rate swap | | | |
| Zürcher Kantonalbank 10.4.2012-14.4.2020, 0.825% | 5 000 000 | -40 655 | -118 300 |
| Credit Suisse 19.1.2015-19.1.2022, 1.46% | 20 000 000 | -987 398 | -1 356 530 |
| Total | 25 000 000 | -1 028 053 | -1 474 830 |

At 5.4.2012 Hupac Ltd closed a deal concerning interest rate swap with Zürcher Kantonalbank and at 19.11.2013 with Credit Suisse. With these contracts Hupac Ltd has committed itself to pay a fixed interest rate. In return Hupac Ltd receives in case of positive interest level the floating rate corresponding to the 3-months Libor. The transactions have been concluded with the aim of securing a firm financing.

| Amounts in 1 000 CHF | 31.12.2019 | 31.12.2018 |
|--|------------|------------|
| Extraordinary expenses | 983 | 136 |
| The most significant items are: 2019: Repayment to the BAV of part of the financing received for the construction of the Antwerp HTA Terminal 2018: Compensation for damages and unforeseen costs | | |
| Extraordinary income | 1 954 | 730 |
| The most significant items are: 2019: Reversal of Tornesh provision and refund of penalty fees 2018: Reimbursement from bankruptcy proceedings Cosmef, reimbursement of other tax and insurances costs | | |
| Other information in accordance with legal requirements | | |
| Debts from leasing obligations with remaining duration of more than twelve months from the balance sheet date | 4 580 | 300 |
| Debts towards personnel foundations | 636 | 581 |
| Total amount of collateral pledged for liabilities of third parties | 16 909 | 13 715 |
| Pledges on assets to secure own liabilities | 71 687 | 59 954 |
| Details of Onerous long-term debts | | |
| - 1 - 5 years | 42 357 | 33 869 |
| of which leasing | 4 827 | - |
| - > 5 years | 92 802 | 53 466 |
| of which leasing | 3 133 | - |
| Details of tangible fixed assets | | |
| Tangible fixed assets | 277 547 | 238 945 |
| of which leasing | 6 845 | - |
| Auditor's fees | | |
| Audit services | 145 | 138 |

Report of the statutory auditor on the consolidated financial statements 2019

As statutory auditor, we have audited the accompanying consolidated financial statements of Hupac Ltd, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

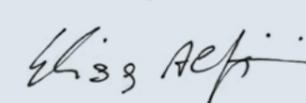
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG



Elisa Alfieri
Licensed audit expert
(Auditor in charge)



Michele Balestra
Licensed audit expert

Lugano, 21 April 2020