Annual Report 2023

Focusing on Growth

TIP

About this report

Materiality

This report aims to provide a fair, balanced and understandable assessment of our business model, strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues.

The material focus areas have been identified by taking the following into consideration:

- Matters that are critical to achieving our strategic objectives
- Key risks identified through our risk management processes
- Feedback from key stakeholders over the past year and in previous years

Improving our reporting

We are committed to ensuring that our annual report is of a high quality, easy to understand and transparent. This year we have taken the opportunity to simplify aspects of our annual report. To achieve this, we have:

Conducted a general review of the annual report in order to improve readability and reduce complexity

Expanded our sustainability section to include an Environmental, Social & Governance (ESG) framework to reflect our commitment to the Sustainable Development Goals (SDGs)

Table of contents

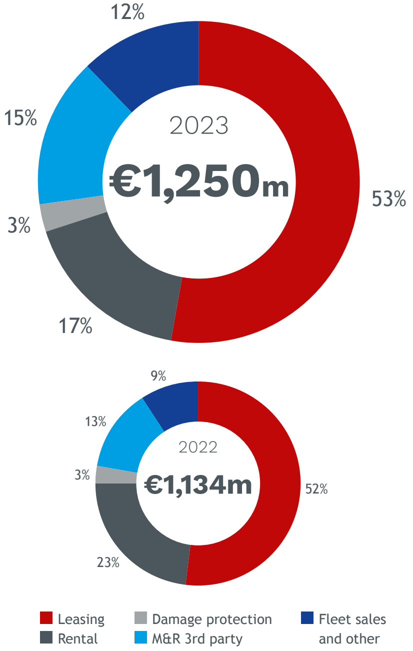





At a glance

Numbers versus 2022

Revenue



EBITDA
€524m
€512m

ADR
€22.4
€21.3

Net operating assets
€2,548m
€2,139m

Fleet investment
€644m
€536m

Gearing ratio
77%
73%

Employees / At year end
3,546
3,079

Workshops
133
121

Branches
97
96

UTE%
89%
94%

MSUs
304
276

TIP Insight
26,000
16,000

The above graphics include figures reflecting both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67 and also refer to note 15 of the Financial Statements section of the report.

We are TIP GROUP

TIP is a leading equipment service provider. We specialise in equipment leasing and rental, maintenance and repair services, roadside assistance, and other value-added services such as used equipment for transportation and logistics customers. We also offer sophisticated digital solutions that provide customers with comprehensive fleet analytics. Headquartered in Amsterdam, we serve our customers from more than 146 locations in 18 countries across Europe and Canada.

We are an industry leader, with a large and diverse trailer and truck fleet of more than 119,000 units. Our global presence enables us to guarantee convenience and flexibility to our customers, delivering high quality services wherever and whenever they need us.

As a full-service provider with 55 years of experience, we can offer customers all the services they need throughout the life cycle of their transportation equipment. This means we are the only service partner they need to run their operations efficiently. The scale of our operations also enables us to offer some of the most competitive offerings in the market.

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* The section reflects both continuing and discontinued operations.
For the amounts related to discontinued operations split by activities, see page 67.

Our services

Leasing and rental

73%

Fleet sales, digital and other value added services

12%

Maintenance and repair

15%

Leasing and rental

Our fleet has more than 119,000 units available for leasing or rental.

Leasing: We lease a wide range of equipment with flexible financing options, including long-term lease solutions, and innovative sale and leaseback structures that deliver real value to our customers.

Rental: We offer short-term rental solutions that provide total flexibility, enabling customers to maximise the utilisation of their fleet. Short-term rental solutions, which are sourced from the existing fleet, have an initial term of up to 12 months and always include maintenance services.

Damage protection: We offer a suite of tailored services to protect our customers' businesses against the costs of accidental damage, fire, theft, or total loss of leased and rented equipment.

Maintenance and repair (M&R)

We have a proud history of maintaining equipment for 55 years. This proven experience provides a solid base with extensive expertise for our M&R services.

Our extensive Pan-European, Canadian workshop and supplier network provides our customers with a comprehensive range of M&R services, reducing unplanned downtime while ensuring compliance with health and safety standards. Our breakdown recovery service for transportation equipment offers round-the-clock, multi-language support, 365 days per year.

All maintenance and repair services are offered on both a contracted or non-contracted basis. This allows our customers to choose the solution that best suits their needs.

Fleet sales, digital and other value-added services

We offer a wide selection of high-quality second-hand trailers and trucks for sale from our own fleet, as well as from third-party fleets throughout Europe and Canada. A wide range of equipment and specifications are available. All used sales are handled by our dedicated TIP Used team.

WELCOME TO TIP GROUP!

Find out more at
www.tip-sales.com

With TIP Insight, we offer a range of telematics-based digital and connected services that take trailer telematics to the next level. This has enabled us to create a more transparent, more efficient and safer transportation ecosystem.

* The section reflects both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

A closer look at our M&R offering

We offer a range of services to improve our customers' fleet performance and reduce operating costs, making their operations more agile and profitable.

TIP acts as a comprehensive one-stop shop for all our customers' M&R needs, ensuring the highest quality of service for both our own and third-party fleets.
By minimising equipment downtime, we help to improve our customers' fleet performance and reduce operating costs to make their operations more agile and profitable. We can provide agile and tailored support wherever it is required. This means our customers benefit from full flexibility across a comprehensive range of maintenance and repair services that cover the entire equipment life cycle. They can access these services on a contractual or non-contractual basis, whatever the maintenance task - from annual roadworthiness inspections and tyre servicing to complete reconditioning.

Experience brings expertise

Building on 55 years of experience, we are experts in providing both preventative and emergency equipment maintenance services. These services are offered at our European and Canadian workshops and through our extensive third-party network of over 3,000 suppliers.
We can also meet customers where they are thanks to our ever-growing fleet of mobile service units (MSUs).
Wherever the services are delivered, quality is guaranteed thanks to the expertise of our fully qualified and certified mechanics, giving our customers the most versatile service possible and full peace of mind.

Transparent and flexible

TIP's maintenance offering is designed to give our customers maximum flexibility. Our standard maintenance service provides an all-inclusive fixed rate for the most common operations related to regulatory inspections, equipment checks and regular body repair work. It also covers the servicing of brakes, axles, suspension, signage, electrical components, reefer engines and tail-lifts.
Maintenance rates can be contractually agreed upon and standardised across multiple locations. They can also be set on a volume/expenditure basis. Of course, these services are also available without a contract, and billing can be consolidated into single monthly invoices with fully itemised work records to streamline customers' administration and reduce costs.

The advantages of our maintenance and repair service:

- fixed prices for full cost transparency
- increased uptime and fleet utilisation for customer fleets
- a dedicated team of qualified mechanics
- compliance with all safety and regulatory requirements
- consolidation of all data and compliance documentation in one place via TIP's FleetRadar customer portal
- carbon emission reductions through TIP's comprehensive ESG assessment and refurbishment programmes

Available services

Specialised maintenance	Tyre services	Cooler services	Tail lift service	Other ancillary services	
Performance services	24/7 Roadside assistance	Onsite/mobile service	Digital services	Replacement vehicle	Pick-up services
Add-on services	Compliance service	Other repairs	Damage protection	TIP Parts	Refurbishment

“The partnership with TIP is about more than just trailer maintenance - it’s central to our growth ambitions in Europe. TIP’s maintenance and damage repair services, delivered through workshops across the continent, support our ambition to drive progress in the logistics industry while ensuring that every trailer on the road is operating at peak performance.

The ability to serve clients through a Europe-wide network highlights the synergy of our partnership and complements our strategic approach in being a full-service closed bodywork transport solutions provider.

Burgers is committed to offering end-to-end support to our customers.

Our joined dedication to quality and effciency has cultivated a relationship that not only upholds the highest standards but also continually strives to surpass them. Looking ahead, our partnership with TIP remains a fundamental building block of our strategy, reflecting our dedication to meeting the evolving needs of the transportation and logistics sector.”

Jeroen Naalden
CEO of BURGERS CARROSSERIE

A closer look at our TIP INSIGHT offering

TIP Insight is our range of next-generation telematics and digital services. Connected devices (as well as optional sensors) are fitted to trucks, vans and trailers to collect real-time data. This is consolidated and made available on a user-friendly digital platform, providing customers with easily accessible driving and maintenance information. This enables streamlined fleet management and increased operational efficiency for our lease and rental fleets, as well as for our third-party customers.

In 2023, more than 26,000 of our units were connected through TIP Insight services. Our goal is to connect all new assets (trailers and commercial vehicles) and all eligible units in the existing fleet to enable better information sharing with our customers, add value to their operations, improve their user experience and enhance our eco-network.

Customers can choose from a wide range of functionalities , including:

- ‘track and trace’ capabilities for real-time visibility of asset movements
- brake performance and tyre pressure monitoring
- live refrigeration unit temperatures and door status (open/closed)
- digital access to maintenance and repair documentation
- easy-to-use, intuitive platform with alerts, KPIs and customisable reporting
- compatibility with external fleet management/ telematics systems for holistic fleet insight

The advantages of our TIP Insight service include:

- unified service platform
- frictionless data provision
- dedicated customer support
- improved fleet sustainability
- compatible with the DVSA’s Earned Recognition scheme
- predictive maintenance

Why do customers choose TIP Insight?

- **Hassle-free:** Modems and sensors are installed by certified technicians in all our workshops or via our mobile service units
- **Same-day activation:** Automated service activation is available on all TIP leases and rentals
- **Real-time visibility:** Data is updated every 5 minutes
- **Zero accident bundle:** Electronic Brake System (EBS) and Controller Area Network (CAN) technical data is included as standard
- **Service-life warranty:** Parts and labour warranty covers the entire contract term
- **Multi-lingual support:** Local teams are available in the 17 European countries where we operate, with 24/7 support via our online ticketing system
- **All-inclusive rate:** Customers have no upfront hardware costs or installation charges and there are no surprise fees
- **Data is just the beginning:** Advanced analytics, data visualisation, KPIs and service level agreements (SLAs) are also available to meet each customer’s unique requirements

What is included in our digital solutions?

- **FleetRadar™:** Online fleet management portal that helps customers manage their entire fleet at a glance and improve efficiency
- **FleetConnected:** Web-based platform that displays real-time trailer information for full fleet oversight
- **FleetBeat:** Robust, trailer-mounted telematics device that provides real-time location data and detailed electronic braking system information
- **FleetBeat Cooler:** Modular telematics device for refrigerated semi-trailers that provides live refrigeration unit temperatures and offers connectivity to door status monitoring
- **TyrePlus:** Tyre pressure monitoring system
- **BrakePlus:** Brake performance monitoring system
- **DoorPlus:** Door sensor and locking system
- **FuelPlus:** Fuel efficiency optimisation system
- **DataBridge:** Standardised and secure data application programming interface (API) to enable integration between TIP Insight and other applications
- **TIP Vehicle Inspection:** Mobile damage reporting and management application with FleetRadar connectivity

> "TIP Insight and BrakePlus are critical to the operation of our fleet, supporting our strategic objectives of mitigating risk and ensuring the safety of our colleagues and other road users.
>
> The BrakePlus data we can access through TIP Insight allows us to manage our fleet proactively. We can identify potential problems and make quick decisions before they become breakdowns.
>
> We also don't need to worry about travelling to service centres for brake tests because the solution provides this service on the go. In general, we save over 20% in costs by not having to carry out physical brake tests.
>
> The solution also enables us to be more efficient. We have easy access to the information we need to maximise fleet uptime, which means we can effectively plan fleet size while monitoring and maximising utilisation - reducing the potential for empty runs. All in all, BrakePlus and TIP Insight have delivered a return on investment within 12 months."

Adam Purshall
Fleet and Procurement Director of Menzies Distribution

Where we operate

Headquartered in Amsterdam, we have more than 133 workshops, branches and other locations throughout Europe and Canada. Our business is divided into six regions operating under the trademark name TIP Group: UK & Ireland, Benelux, Mediterranean, Central Europe, Nordics and Canada.

UK and Ireland

2023 - Branches: 16 (17) / Workshops: 26 (24) / Combined EAuM: 43k (43k)

Benelux

The Netherlands and Belgium 2023 - Branches: 5 (5) / Workshops: 16 (16) / Combined EAuM: 17k (19k)

Mediterranean

France, Italy and Spain 2023 - Branches: 20 (21) / Workshops: 24 (25) / Combined EAuM: 22k (23k)

Central Europe

Germany, Austria, Switzerland, Poland, Czech Republic and Romania 2023 - Branches: 29 (27) / Workshops: 30 (26) / Combined EAuM: 36k (36k)

Nordics

Denmark, Norway, Sweden and Finland 2023 - Branches: 15 (14) / Workshops[1]: 25 (18) / Combined EAuM: 26k (25k)

Canada[1]

2023 - Branches: 12 (12) / Workshops: 12 (12) / Combined EAuM: 29k (33k)

[1] Discontinued operations.
(2022 figures in brackets).

* The above figures reflect both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

Our fleet

Our fleet consists of approximately 119,000 units available to our customers, including the following types of equipment:

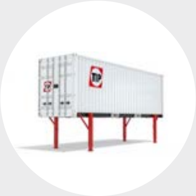
Over the past year, we have expanded our M&R operations and increased investments in fleet expansion from €536m in 2022 to €644m. We also made important acquisitions, including three fleet acquisitions and seven workshops.

( ) Represents the 2022 numbers.

Chassis
11,348 (11,578)

Curtainsider
37,020 (37,833)

Reefer
16,362 (16,330)



Swap Body
6,674 (7,221)

Tanker
3,567 (3,387)

Truck
7,795 (6,769)

Van
35,753 (37,358)

eLCVs
161 (96)

* The above figures reflect both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

Our history

An affiliate business of TIP commenced operations in the US in 1957.

Listed Nasdaq

Began as Transport Pool, with branches in the Netherlands and Canada[1]

Acquired by Gelco Corporation

Sold to a management and investor consortium

EURONEXT Listed

Acquired by

Embarked on an acquisition strategy

1968

1971

1975 – 1976

1986 – 1987

1989

1993

1994 – 1997

Renamed Transport International Pool (TIP)

Bob Fast appointed CEO

Acquired by HNA

Acquisition of

Acquired by

PEMA Acquisitions and integration of PEMA, Trailer Wizards and Ryder[2]

Acquisition of Mezger and Euro Leasing[3]

2003 – 2008

2009 – 2012

2013 – 2014

2015 – 2018

2019 – 2022

2023

Entered into 3rd party M&R services and Telematics segments

Downsized the business, fleet reduced to a low of 43,000 units

Establishment of global RCF, ABS and FLB funding facilities

Acquisition of Grayrentals

Fleet peaked at 121,000 units

- Refinancing and expansion of our global RCF and ABS facilities
- Rebranding to TIP Group

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[1] An affiliate business of TIP commenced operations in the US in 1957.

[2] UK division only.

[3] Denmark division only.

Our business model

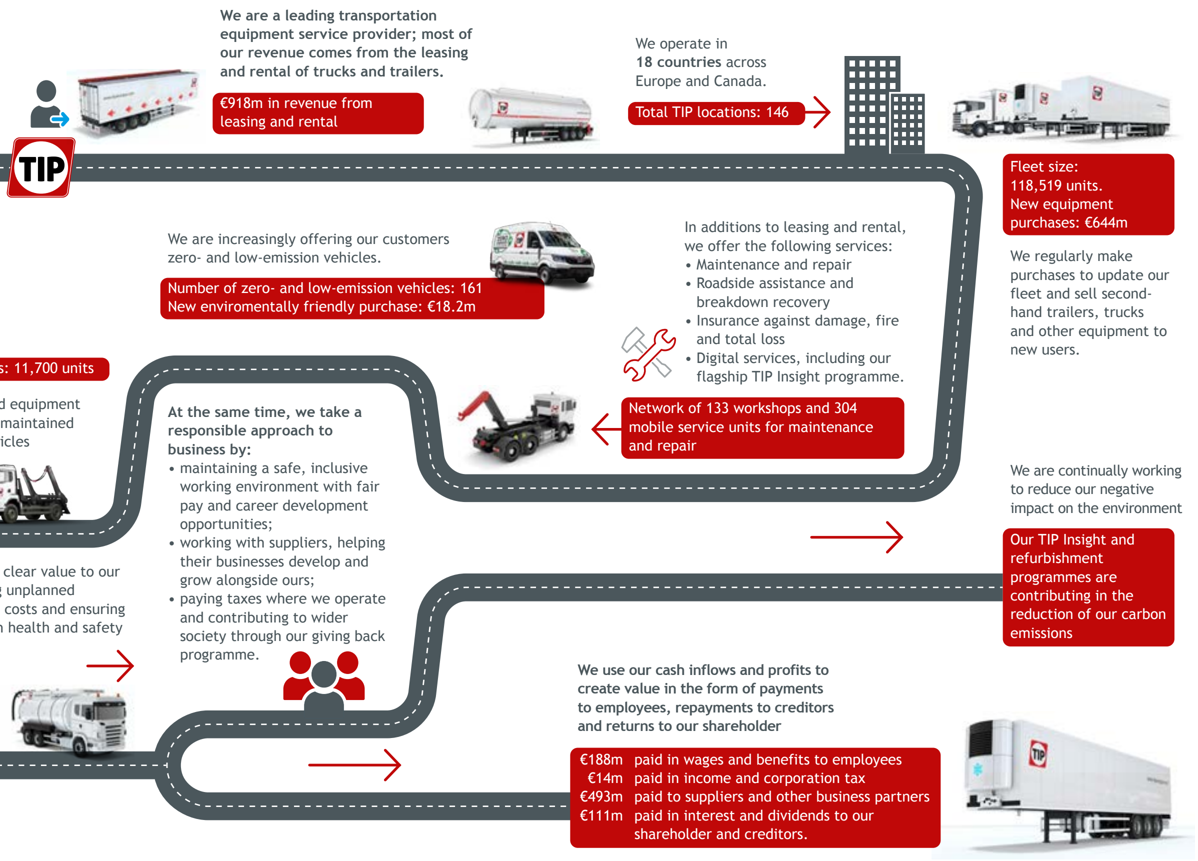
In this section

How we create value and growth

Through our business, we aim to create value for both our stakeholders and for society. We will achieve this by providing world-class service to our customers and becoming both the equipment provider of choice and the most trusted advisor in the transportation and logistics industry

The wide range of services that we offer covers the entire equipment life cycle. These include high-quality parts and maintenance services in our workshops, a full range of leasing and rental service offerings and fully outsourced fleet management solutions. Through our services, we help customers reduce downtime and lower costs.

At the same time, we are working to reduce the environmental impact of our operations by tackling our own carbon footprint and improving waste management. In addition, our more sustainable products help customers transition to new low- or zero-carbon business models



We are a leading transportation equipment service provider; most of our revenue comes from the leasing and rental of trucks and trailers.

€918m in revenue from leasing and rental

We operate in **18 countries** across Europe and Canada.

Total TIP locations: 146

Fleet size: 118,519 units. New equipment purchases: €644m

We regularly make purchases to update our fleet and sell second-hand trailers, trucks and other equipment to new users.

In additions to leasing and rental, we offer the following services:

- Maintenance and repair
- Roadside assistance and breakdown recovery
- Insurance against damage, fire and total loss
- Digital services, including our flagship TIP Insight programme.

Network of 133 workshops and 304 mobile service units for maintenance and repair

We are increasingly offering our customers zero- and low-emission vehicles.

Number of zero- and low-emission vehicles: 161
New enviromentally friendly purchase: €18.2m

Used equipment sales: 11,700 units

We are a leading used equipment dealer, offering well-maintained used commercial vehicles internationally. .

Our services deliver clear value to our customers, reducing unplanned downtime, lowering costs and ensuring full compliance with health and safety standards

Units connected with TIP Insight 26,000

At the same time, we take a responsible approach to business by:

- maintaining a safe, inclusive working environment with fair pay and career development opportunities;
- working with suppliers, helping their businesses develop and grow alongside ours;
- paying taxes where we operate and contributing to wider society through our giving back programme.

We use our cash inflows and profits to create value in the form of payments to employees, repayments to creditors and returns to our shareholder

€188m	paid in wages and benefits to employees
€14m	paid in income and corporation tax
€493m	paid to suppliers and other business partners
€111m	paid in interest and dividends to our shareholder and creditors.

We are continually working to reduce our negative impact on the environment

Our TIP Insight and refurbishment programmes are contributing in the reduction of our carbon emissions

* The above figures reflect both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

Environment, Social & Governance (ESG)[1]

Sustainability vision

At TIP Group, we believe that there is an unwritten contract between generations, whereby each generation is responsible for the kind of world that the next inherits. This is the rationale behind the vision statement of our ESG Strategy: ‘For Generations to Come – Paving the Road to Sustainability’.

It aims to enable the vital transportation of goods, mitigate our impact on the environment and contribute to the communities around us. By implementing this strategy, we intend to comply with new regulations in areas such as energy use, waste management and reporting. This will not only make our business more sustainable but will also help us tap into new sources of financing.

In addition to addressing our own environmental impacts, we will continue to support customers in reducing their own carbon footprints, helping them to achieve their green transition goals.

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[1] ESG section figures reflect both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

ESG Strategy: for Generations to Come

Management	aims at establishing and running an effective ESG function at TIP
Sustainable Products	aims at facilitating sustainable product offerings to our customers and low carbon alternatives
Carbon Footprint	aims at making TIP a carbon neutral organization
Circular Economy	aims at implementing an effective and efficient waste management at TIP
Corporate Social Responsibility	aims at achieving gender balance at TIP and contribute to the internal and external communities we are embedded within
Reporting	aims at establishing and running effective ESG reporting at TIP
Green Financing	aims at facilitating the transition of TIP by providing competitive funding and subsidies for green projects

Management

The aim of the management programme is to operate an effective ESG function at TIP.

Over the past two years, we have established a dedicated ESG function within TIP Group to execute our ESG strategy. This strategy is based on a comprehensive materiality assessment carried out together with stakeholders from across the organisation. An ESG Committee has also been established to support and oversee the implementation of the strategy. This includes both the CEO and members of the TIP Executive Management Team.

We have also strengthened our internal controls. Since the launch of the ‘For Generations to Come’ framework, we have introduced new guidelines and policies, including the TIP Group Environmental Policy, which is linked to the objectives of the Paris Agreement. Other policies cover areas such as waste management, labour and human rights. We have improved our Supplier code of conduct to ensure we uphold minimum ESG standards throughout our supply chain. In addition, we have put in place a data loss prevention programme to strengthen our approach to cybersecurity.

We are a founding and leading member of the European Transport Board (ETB), we support the UN Sustainable Development Goals (SDGs) and we have been a signatory to the UN Global Compact since November 2017.

To support our strategy, we have set ourselves five key targets. We are making progress towards achieving these in the near term.

Management targets:

1. Achieve carbon neutrality in our operations by 2030.
2. Reduce the gender pay gap in our business.
3. Refurbish 5,300 units by 2025.
4. Equip at least 35,000 trailers with TIP Insight by the end of 2025.
5. Install LED lighting in 99% of our workshops.

Current process:

1. We completed our first carbon footprint calculation in 2023, covering Scope 1, 2 and 3 emissions. We will now focus on reducing these emissions as much as possible.
2. As a result of the actions we have already taken, TIP’s gender pay gap narrowed to 6% in 2023 (compared to 8% at the end of 2022).
3. By the end of 2023, 3,590 units had been refurbished, putting us on track to meet our 2025 target.
4. By the end of 2023, 26,000 units had been connected with TIP Insight. This means we are halfway towards meeting our 2025 target.
5. During 2023, we continued to install LED lighting in our facilities, reaching 95% coverage by the end of the year.

Sustainable Products

The Sustainable Products programme aims to facilitate sustainable product offerings and low carbon alternatives to our customers.

Many of our customers are looking to reduce their carbon footprint. To support them, we are expanding our fleet of low- and zero-emission vehicles and rolling out TIP Insight - our telematics system that helps customers reduce fuel consumption and operate more efficiently. We believe this will generate additional revenue and contribute to the wider goal of decarbonising road transport. As well as reducing carbon emissions, these low- and zero-emission vehicles also help to improve air quality, prevent pollution-related illnesses and deaths and ensure that TIP Group complies with local low-emission zone (LEZ) regulations. By implementing these measures, we aim to become the sustainability partner of choice for our customers and suppliers.

Below is a list of TIP's more sustainable product offerings:

Sustainable products	Description
eLCVs	In 2021, TIP began offering electric light commercial vehicles (eLCVs) to customers for last- mile delivery in urban environments. eLCVs are a new asset class for TIP, meaning that 100% of our LCV fleet is electric.
eReefers	Our eReefer fleet is key to our ESG strategy. We currently operate around 16,000 refrigerated trailers ('reefers'), which play a vital role in transporting perishable goods, such as fruit, vegetables, meat and other foodstuffs. Standard reefers use diesel engines, but replacing them with battery-powered electric motors reduces carbon emissions during operation by 58-100%. We estimate that this could lower carbon emissions from trailers by more than 67%[1]. The technologies used to power the eReefers include solar, kinetic energy (axle power) and battery-only charging. Actual emission reductions will depend on the specific technology chosen by our customers.
TIP Insight	TIP's flagship digital offering increases fleet operational efficiency and improves sustainability by utilizing 4 tools below: 1. **FleetBeat:** A robust trailer-mounted telematics hardware device that provides real-time location data, enabling route optimisation 2. **BrakePlus:** A brake monitoring system that reduces unplanned breakdowns 3. **DoorPlus:** A door sensor and locking system that helps maintain the temperature of refrigerated trailers and promotes security 4. **TyrePlus:** A tyre pressure monitoring system. TIP estimates that under-inflating tyres by 20% can increase fuel consumption by 3%
Alternative Fuel	In addition to battery electric vehicles, we are also investigating alternative fuels such as natural gas and hydrogen. We recently delivered 10 tractors to customers in Denmark that run on com-pressed biogas, reducing carbon emissions by around 95% compared to a conventional diesel engine.
e-Maintenance	To support our work in the area of maintenance, we are investing in e-maintenance services in our workshops and plan to install more vehicle charging stations at our sites, as well as secure parking for drivers. Ultimately, we expect the logistics sector to scale up its use of electric and alternative fuel vehicles in the coming years.

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[1] This represents a reduction from an estimated 6.48 tonnes of CO_2e per engine per year to 2.11 tonnes. The calculation is based on the assumption of 800 hours of reefer engine operation per year. The assumed fuel consumption for diesel reefers is 3 litres per hour, while the assumed energy consumption for electric reefers is 7.9 kWh per hour (applying the average carbon intensity of the European electricity grid, 0.334 g CO2/kWh).

"Our partnership with TIP is central to DLG's commitment to the European Green Deal. Our trial run with eReefers supplied by TIP showed us that our network can save 60-70% CO_2 per trip cycle.

"On top of this, a key benefit is that we can reduce the carbon footprint for our served supply chains without needing to change our transportation network significantly. "There are added benefits too. Transitioning to eReefers not only cuts our carbon footprint but reduces noise from switching from diesel to electric, gives comfort to our drivers and simultaneously saves noise pollution for the environment.

"We plan to expand our eReefer fleet from four units to 10 together with TIP, Maxwell and Spark, and deploy them to serve the initiating shipper Unilever and other customers in our network."

Joost Visbeen
CEO of DLG Group

Carbon Footprint

The Carbon Footprint programme aims to make TIP a carbon neutral organisation.

We are working to make our operations (offices, workshops and branches) carbon-neutral and align our business with the objectives of the Paris Agreement. We are doing this by modernising our facilities, making them more energy efficient and switching to renewable energy sources. We are also evaluating energy efficiency measures that we can implement in a structured way while working with energy providers and consultants to achieve carbon neutrality. Our ambition is to be carbon neutral in our own operations carbon neutral by 2030 and achieve carbon neutrality across the value chain by 2050.

We already have a number of energy efficiency initiatives in place across TIP Group.

- **Rooftop solar panels** have been installed in few our workshops across Europe In 2023, these sites produced approximately 54,000 kWh of electricity, avoiding around 18 tonnes of carbon emissions. By 2025, we aim to have solar panels installed at workshops in all our regions.
- **LED lighting** is now installed in 95% of our workshops and we aim to have this installed in all workshops by 2025.
- We are converting our company cars to electric vehicles and are also converting more and more of the yard equipment we use at our sites to zero-emission electric alternatives, including terminal trucks and forklifts.
- We work closely with local energy suppliers and consultants to implement our energy-saving initiatives. This has enabled us to centralise the strategic energy procurement process for the TIP Group, making it easier to purchase more renewable energy across our sites.

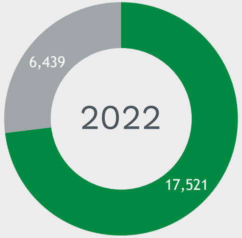
Details of our carbon footprint

As defined by the Greenhouse Gas Protocol (GHG Protocol), there are three types of carbon footprint emissions: Scope 1, Scope 2 and Scope 3. The GHG Protocol was jointly established by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) in 1998.

Definitions:

- **Scope 1** refers to direct emissions from sources owned or controlled by the company. This may include on-site energy consumption or emissions from fleet vehicles, company vehicles or other operations.
- **Scope 2** includes indirect emissions from the generation of electricity, heating or cooling that is purchased and consumed by the company. Scope 2 emissions physically occur at the facility where the energy is generated.
- **Scope 3** includes emissions from the wider value chain, i.e. emissions resulting from the reporting company’s business with suppliers (‘upstream’) or customers and other partners (‘downstream’).

Scope 1 & 2 estimate (metric tonnes CO_2)

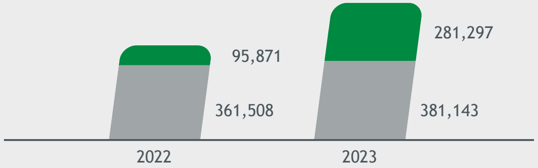


🟩 Scope 1 ▨ Scope 2

Scope 1 and Scope 2 data not available for 2023 at the time of publication of this report.

Scope 3 emissions estimate

(metric tonnes CO_2)



▨ Downstream Lease assets 🟩 Use of sold products

Calculated In partnership with Watershed

Downstream leased assets:

We saw a 5% year-over-year increase in the CO_2 emission. this increase is mainly attributable to the expanded truck fleet size and refined data procession compared to last year rather than an actual increase in emissions intensity. The increase was partially offset by year-year reduction in trailer emissions driven by lower utilization and an increased number of electric reefer engines for trailers. We will continue to refine our methodologies going forward to ensure the highest degree of transparency and rigour.

Use of sold products:

We also saw a 193% year-over-year increase in the CO_2 emission on use of sold products. This increase can be attributed to the following factors:

a. Higher sales volumes - we sold ~6,000 units more overall in 2023 (11,700 compared to 5,800 at the end of 2022).
b. Younger average age of vehicles sold - the average age of vehicles at time of sale in 2023 was younger than in 2022, resulting in higher associated emissions.
c. Increased calculation granularity - for trucks, we allocated separate fuel consumption values based on specific truck types rather than using an average.

Circular Economy

The Circular Economy programme aims to implement an effective and efficient waste management and refurbishment programs at TIP

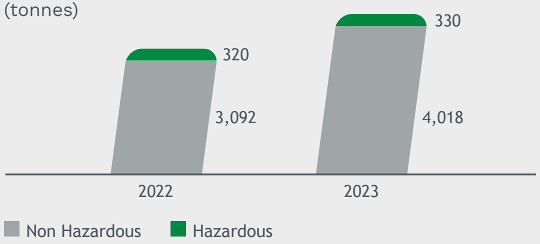
We are improving our waste management processes, based on the principle of ‘reduce, recycle and reuse’. As part of our ESG strategy, we have set targets to reduce the amount of waste we send to landfill or incineration.

Since the launch of the strategy, we have implemented new waste management practices across our business, focusing initially on our maintenance and repair activities, which generate the most waste. We have also centralised most of our waste management activities. This will help to offset some of our waste disposal costs through economies of scale, improve our data collection and reduce the risk of breaching environmental or pollution laws.

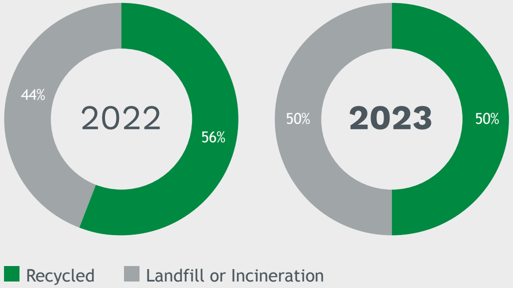
By 2025, we aim to reduce residual waste (the amount of waste left over after recycling and reuse) by at least 20%. In 2023, our business generated a total of 4,348 tonnes of waste. An increase of 926 tonnes of non-hazardous waste and 10 tonnes of hazardous waste compared to last year. Of this, 50% was recycled (2022: 56%) supporting our sustainability vision.

Waste by Stream

(tonnes)



Recycling rates



In addition to waste management, we are also stepping up the refurbishment of trailers and other equipment. We estimate that this will enable us to extend the life of an average trailer by around four years. In 2023, we refurbished an additional 2,214 trailers, bringing the total in the last two years to 3,590. Where refurbishment is not possible, we try to sell used trailers or reuse components such as the tyres. Old trailers can also be used as stationary storage containers (mainly in North American market).

Corporate Social Responsibility (CSR)

The CSR program aims to achieve gender balance at TIP and contribute to the internal and external communities in which we are embedded.

We want our business to contribute to society at large. This means ensuring a safe and inclusive working environment for employees while supporting the most vulnerable in our communities.

EHS Strategy Ambition Zer0

In 2023, we began rolling out Ambition Zer0, a set of initiatives to strengthen organisational alignment and raise EHS standards to help TIP Group achieve its goal of zero accidents. Our goal is to build the most effective EHS function in the industry. Ambition Zer0 is a preventative approach that focuses on the following areas:

- improving the effectiveness and accessibility of training, so that it remains a central part of working at TIP Group.
- making monthly housekeeping inspections and thorough accident investigations key to our internal EHS standards and processes.
- continuing to harmonise processes as we grow through increased use of information technology to maintain high EHS standards across our business.

Health and safety is a top priority at TIP Group and we have a detailed environment, health and safety (EHS) policy. All TIP Group employees are required to undergo EHS training. We also have regular inspections, audits and detailed accident investigation procedures. Safety is also embedded in our formal risk management process. In our workshops, we stress the importance of regular maintenance to protect mechanics and ensure that our equipment is safe to use. This commitment extends beyond our own employees: our health and safety policy also applies to suppliers, customers and other business partners.

Initiatives designed to promote health and safety standards include our annual Global Health and Safety Week, which aims to raise awareness of this vital issue. We have also expanded our secure parking facilities for truck drivers and are currently working to standardise our safety processes, documentation management and training to further improve our safety record.

> “TIP trusted in my abilities and provided sufficient training, courses, guidance including membership of the PWN mentorship program when I joined the company. This helped me to deliver on my day-to-day tasks, learn broadly about my department and my company and take charge of my own personal and professional development.”
>
> **Langa Mpofu, LL.M.** - Junior Counsel, TIP Group

Gender Diversity

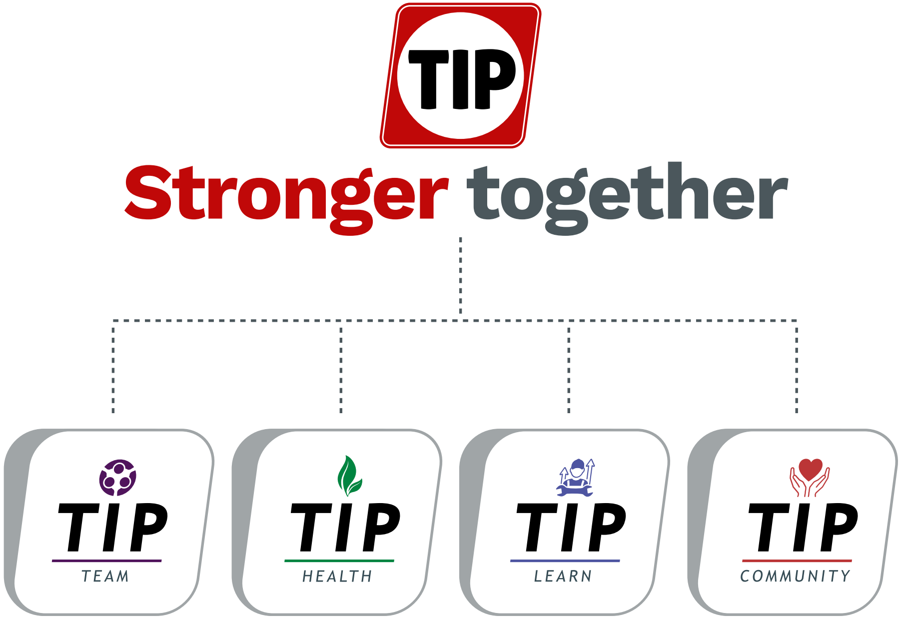
TIP supports the transition to a more prosperous, sustainable and resilient transport sector. Our vision is to be our customers’ trusted partner, delivering connected solutions and driving more sustainable supply chains, which means considering the environmental, social and governance impacts of every decision we make. As part of this responsibility, we are committed to developing a diverse leadership team. Our Board of Directors is currently 25% female and 75% male. Our target was 25% which had to be achieved by 2024, but we met it in 2023. We aim to further look for the opportunities to improve the target. In 2023, TIP also joined the Professional Women’s Network of the Netherlands (PWNN), giving our employees access to PWNN’s mentoring programme, workshops and webinars. TIP Group is committed to equal opportunities for all, regardless of gender. When senior management positions become available, gender diversity is an important consideration. In all cases, we are committed to hiring the best person for the job without discrimination.

Communities

Stronger Together

Our “Stronger Together” programme is designed to foster team spirit among employees, helping to build a stronger and more resilient community. It is built on the four pillars of learning, teamwork, health and well-being and giving back to our community.

- **TIP Learn** facilitates learning with TIP experts to strengthen the organisation for today and tomorrow.
- **TIP Team** drives integration and engagement activities across TIP, helping to create a more cohesive organisation.
- **TIP Health** aims to promote the safety, health and well-being of employees.
- **TIP Community** creates equal opportunities for all our employees and for the world around us.



Mechanic Academy

We launched our first Mechanic Academy programme in 2023 with the aim of investing in our mechanic workforce. We strongly believe that this programme will address the shortage of skilled mechanics in our industry while also contributing to the wider communities in which TIP operates.

Most mechanic training and education programmes are dedicated to car and truck maintenance, with limited opportunities to learn trailer repair and maintenance. As most of our mechanics are trailer mechanics, we decided to develop our own trailer mechanic training programme in conjunction with a respected education partner. This is a major training and certification institute for the mobility sector, which also independently certifies our trainees – guaranteeing the quality of our services.

The TIP Mechanic Academy is designed to provide a combination of instructor-led, online and hands-on training to enable trainees to develop the skills and knowledge required to excel as a trailer mechanic.

We are committed to developing talent and raising the standard of mechanics in our industry. By investing in the growth and development of future professionals, we aim to create a thriving community of highly skilled and dedicated individuals within TIP. We firmly believe that this initiative will help us achieve our goals of attracting new talent to support our growth ambitions, improving our service to customers and becoming an employer of choice in all locations where we operate. At the same time, we're encouraging the development and career progression of our existing mechanic workforce. This will enable them to gain new skills and take advantage of personal development opportunities while remaining within the TIP family.

The academy is the first of its kind in the transportation industry, with trainees becoming TIP-qualified trailer mechanics in nine months. On successful completion of the course, graduates will receive a TIP Mechanic Academy certificate and are eligible for a full-time position as a trailer mechanic.

> “In my role as Area Sales Manager at TIP Group France, I’ve found that the Sales Academy has developed, enhanced and refined my technical and soft skills. The training was both practical and collaborative. The technical skills I learnt during the three days of training, including discussions and exercises with other TIP colleagues, allowed me to develop my capabilities in the best learning conditions. Thanks to the Sales Academy, I am now able to apply what I have learned more effectively and efficiently.”
>
> **Julie Delpech,** Area Sales Manager Bordeaux, TIP France

Mechanic team Competition

As part of our company culture, we are committed to celebrating the talents and expertise of all our employees. Our mechanics are the heroes who use their exceptional skills to keep our customers’ fleets running. This year saw the second annual TIP Group Mechanic Team Competition. With over 120 teams joining from 6 regions, 240 mechanics took part in this much-appreciated internal competition to find the overall winner, the team of mechanics with the best primary and advanced skills.

During the competition, mechanics compete against friends and colleagues, demonstrating their knowledge and skills. The initiative aims to highlight the talents of our mechanics around the world, encourage teamwork and recognise their hard work, which is the backbone of our service organisation. Preliminary rounds are held at country and regional levels, with the Group finals taking place in the Spanish city of Valencia.

Sales Academy

The TIP Sales Academy is a new training and development initiative developed jointly by the Senior Leadership Team (SLT), Human Resources and sales experts. Our TIP Sales Academy provides a comprehensive training curriculum for our sales team and anyone who wants to gain more insight into our current and future value propositions.

In 2023, we trained over 200 sales colleagues in a number of different sessions. These included ten on solution selling, three on consultative inside sales, two on sprint prospecting and one on management.

Cycling for Charity

In 2023, TIP UK's cycling team, known as the 'Fat Bottom Boys & Girls', completed one of their most challenging charity cycle rides in recent years. The event, dubbed the 'Game of Thrones Challenge' was a three-day ride from Split to Dubrovnik in Croatia. Thanks to the team and their generous supporters, we reached our fundraising target of £70,000, which was donated to the Douglas Macmillan Hospice, which provides essential support to those less fortunate in the Staffordshire area. In total, TIP UK has raised over £500,000 for various charitable causes over the course of nine annual rides.

Food Drive

To support the communities in which we operate, we relaunched our Global Food Drive initiative after a successful inaugural run last year. We encouraged our employees, customers and suppliers to donate non-perishable food and other essentials, which we distributed to local food banks just before the Christmas holidays.

Great Place To Work®
Certified
NOV 2023 - NOV 2024

We are delighted to announce that we have been certified as Great Place to Work in Austria, Canada, France, Germany, Italy, The Netherlands, Poland, Spain and United Kingdom.

Reporting

The Reporting programme aims to maintain robust ESG reporting at TIP.

Data is undoubtedly the biggest challenge in making our sustainability ambitions a reality. We have implemented an ESG reporting tool, **Watershed**, which enables us to collect tangible data, analyse it and then report it to our stakeholders in a lean and system-driven process.

We place a high priority on this programme because we understand the extent to which upcoming regulations and directives, such as the EU's Corporate Sustainability Reporting Directive (CSRD), will reshape our business – and we want to be fully prepared to meet these new reporting requirements.

Throughout 2023, we continued to make progress with our Reporting programme. We established an internal database to track sustainability projects and conducted a comprehensive analysis to identify potential reporting gaps, not only in relation to the CSRD, but also in relation to the accompanying European Sustainability Reporting Standards (ESRS) and the EU taxonomy for sustainable activities. We have already taken steps to comply with the CSRD, notably by setting the five ESG targets mentioned at the beginning of this section. This is intended to strengthen our disclosure approach regarding sustainability governance and integrate ESG issues into our formal risk management.

In addition, in our second annual sustainability report, we published the results of our full materiality exercise, in which we applied the double materiality principle at the heart of the draft ESRS and the CSRD. We also published the ways in which we contribute to the UN Sustainable Development Goals (SDGs), which was a key consideration in the development of our 'For Generations to Come' strategy. Out of 17 possible SDGs, we have identified 5 strategic goals that apply to TIP Group, as shown in the table on the next page.

External ESG validation

We initiated two separate independent external assessments of our ESG strategy and ambitions. Looking to acquire validation and benchmarking with our peers, we are pleased that our efforts contribute to positive results and enable us to lead ESG from the front within our industry.

SILVER
2023
ecovadis
Sustainability
Rating

Ecovadis awarded our ESG risk score with a silver award.

1. Sustainalytics rated TIP Group's ESG risk score as 'negligible' (the lowest risk category) for the second year in a row. We were also ranked first among the transportation industry companies assessed, recognising our commitment to pursuing an effective ESG strategy.
2. EcoVadis awarded us a silver rating for our ESG performance, placing us in the top 20% of companies assessed globally.

Goal		Underlying UN Target	How we contribute	
SDG5: Gender Equality	5 GENDER EQUALITY	**Target 5.5** - Ensure woman's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	• Working to close the gender pay gap • Encouraging more women into leadership positions	⤢
SDG8: Decent work and Economic Growth	8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.8** - Protect labour rights and promote safe and secure working environments for all workers, including in particular women migrants and those in precarious employment	• Delivering detailed training on Environment, Health & Safety policies • Offering safe and secure parking for truck drivers	⤢
SDG9: Industry innovation and infrastructure	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.4** - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	• Expanding of low- and zero emission fleet, including eTrucks, eLCVs and eReefers • Researching sustainable fuels • Expanding of digital services through TIP Insight to promote more efficient operations	⤢
SDG12: Responsible consumption and production	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Target 12.5** - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	• Targeting refurbishment of trailers and tankers • Implementing new waste management practices and centralised procurement • Aiming to reduce reduce residual waste by at least 20%	⤡
SDG13: Climate Action	13 CLIMATE ACTION	**Target 13.2** - Integrate climate change measures into national policies, strategies and planning	• Installing of solar panels and LED lighting in workshops • Ambition to become carbon neutral by 2030 for our own operations and across our value chain by 2050 • Measuring and disclosing our GHG emissions	⤡

⤢ positive impact ⤡ reduction of negative impact

Green Financing

The Green Financing programme aims to facilitate the transition of TIP by providing competitive funding and subsidies for green projects

Green financing will facilitate TIP's transition to a more sustainable organisation by providing competitive funding options. We have converted our Revolving Credit Facility (RCF) into a Sustainability Linked Loan, linking TIP Group's main credit facility to the following three ESG performance indicators:

1. Gender pay gap (part of our Corporate Social Responsibility programme)
2. Number of trailers refurbished (part of our Circular Economy programme)
3. Number of units connected to TIP Insight (part of our Sustainable Products programme)

The following three ESG KPIs apply to the facility, and we achieved full compliance with these in 2023 and 2022:

KPI	Actual 2022	Actual 2023
Gender pay gap	8%	6%
Number of units refurbished	1,376	3,590
Units connected with TIP Insight	16,343	26,062

In addition, we have established a €75m Green RCF, which will be used exclusively for investments in zero- and low-emission vehicles. This facility strengthens our position as an enabling partner for the green transition in our industry. In 2023, this facility was used to purchase 163 units in support of our ESG strategy. Further details on the use of the facility can be found in the Financial Review section of this report.

We are also investigating subsidised investment financing, government subsidies and incentives for green investments.

Managing our risk

Risk is an inherent part of our business, but a rigorous and structured risk management process allows us to approach various risks in a controlled manner. Over the past 55 years, we have built our operations and strengthened our business model through a rigorous approach to people, processes, systems and risk management.

In our assessment, risks arising from recent conflict areas such as Ukraine and the Middle East do not have a material impact on our business as we have no operational presence in Ukraine, Russia or the Middle East.

We have grouped the key risk areas that our company faces into four main risk pillars: strategic, financial, operational and compliance. The order of risks below does not reflect any order of importance, vulnerability or materiality. Furthermore, the list of risk areas is not exhaustive.

Our approach to risk management:

- The Board of Directors is responsible for the overall risk management strategy, together with oversight of the internal risk management and control systems. To further enhance effectiveness and efficiency, the Cube Transportation Board has established an Audit Committee with a specific mandate to review financial reporting, our relationship with TIP's external auditor, internal controls, environment, health and Safety (EHS) compliance, other regulatory compliance and risk management.
- The Executive Management Team (EMT) oversees risk management processes in addition to the internal control framework and its effectiveness.

- The Risk Assurance team provides independent assurance on governance, risk management and internal control processes. The internal audit function is outsourced to an independent international audit firm.
- Strong internal controls are embedded in processes at the operational level to ensure effective risk assessment, identification and mitigation.
- Risk awareness and compliance are embedded in our company culture through regular training.

Our risks at a glance

Likelihood to occur			
High		B	A
Medium	E · G · K · M	H · I · J	
Low	F	C · D · L	
	Low	Medium	High
	Vulnerability to risk		

Main risk pillars			
Strategic	Financial	Operational	Compliance
A Economic Conditions	F Strategic Financing	H Company Digitisation	L Laws and corporate governance
B Market Developments	G Credit Risk	I Cybersecurity	M Safety
C Competition		J People	
D Integration risk		K Residual Value	
E ESG			

	Risk description	Risks	Appetite / Impact / Likelihood	Mitigations and action plans	Impact after mitigation
A **Economic conditions**	Demand for our products and services is highly dependent on general economic conditions in Europe and Canada	• Adverse changes in economic conditions • High inflation • Geo-political instability and its further impact on the supply chains • High borrowing costs affecting customers' decisions to lease or buy • International trade tariffs/restrictions	M/H/H Trend ↑	• Continuous monitoring of market trends • Decentralisation of customer base • Diversification of products and services • Geographical coverage • Flexible debt facilities	H
B **Market developments**	We may fail to respond adequately or in a timely manner to innovative technological changes in our industry	• New market entrants or emerging disruptive services or technologies • New customer needs, such as telematics, inte-grated solutions, digitalisation • Geopolitical instability • Inability to meet (existing and new) customer needs • Inappropriate strategies • Poor investment decisions • Inability to implement new solutions	M/M/H Trend →	• Continuous innovation efforts • Digital partnerships • Integrated solutions (TIP INSIGHT) • Regular strategic reviews • Digital strategy, Innovation Committee and regular strategic reviews in place • Pre- and post- investment assessments	M
C **Competition**	The markets in which we operate are fragmented and competitive	• Loss of market share • Aggressive competitor strategies • Leasing competition from funders, banks and manufacturers	M/M/L Trend →	• Continuous monitoring of market share and competitor performance • Competitive advantage through comprehensive service offering • Workshop expansion • Wide range of equipment • Diversified financing in place	M
D **Integration risk**	Acquisitions may expose us to unforeseen integration obstacles or costs	• Integration risks in areas such as commercial, customer service, regulatory compliance, information technology, finance and culture • Lack of expected synergies/benefits • Inadequate integration planning and execution • Loss of key key employees/customers from acquired companies	L/M/L Trend →	• Comprehensive cost/benefit analysis and due diligence of all acquisitions • Business Development Committee and Investment Committee • Dedicated Integration team and comprehensive integration plans • Regular investment and integration assessments • Robust governance in place to manage acquisitions and integration	M

Management assessment of whether the risk has (since last year): ↑ Increased → Stayed constant ↓ Decreased

	Risk description	Risks	Appetite / Impact / Likelihood	Mitigations and action plans	Impact after mitigation
E **ESG**	We have a responsibility to our stakeholders to address Environmental, Social and Governance risks that may affect the quality of our services now and in the future	• Failure to meet to regulatory requirements (CSRD, EU Taxonomy, ESRS) • Damage to reputation and business due to absence and poorly documented ESG reporting and ESG framework • Failure to meet ESG targets and KPI's. • Lack of adequate understanding of ESG related risk	M/H/M Trend ↑	• Rigorous monitoring of ESG targets and KPI's • Development of a comprehensive ESG strategy, mission and framework • Dedicated ESG department • Green financing facility established • Various ongoing internal ESG initiatives across TIP Group	L
F **Strategic financing**	We require capital for growth, fleet renewal, acquisitions, new branches/workshops and other strategic investments	• Failure to maintain or extend access to financing facilities • Lack of funding to grow profitably • Excessive cost of finance • Poor utilisation of available funding sources (RCF, ABS, FLB, TL, GRCF) • Poor management of investor relations management	L/H/L Trend ↓	• Maintenance of an appropriate gearing ratio of 77% • Diversified and flexible debt facilities (RCF, ABS, FLB, TL,GRCF) • Regular liquidity forecasts • External Financing Committee (EFC) to review funding relationships, options, strategy and compliance	L
G **Credit risk**	The risk that a customer will be unable to pay debts owed under a contract or for the delivery of a service	• Inadequate customer's screening or rating • Customer default or insolvency • Customer fraud or money-laundering	M/M/M Trend ↑	• Strong Credit Management team and processes in place • Multiple resources to evaluate customers • Decentralised customer base • Low historical credit losses • A significant proportion of customers make payments by direct debit • KYC and AMLAT processes	L
H **Company digitisation**	The risk that existing processes and systems are not fit-for-purpose and cannot be scaled for future growth	• Insufficient progress on transformation • Cost overruns • New/non-integrated systems and applications due to acquisitions • Extensive manual effort required • Poor data quality	L/M/M Trend →	• Strategic initiatives on services digitisation and processes automation • Finance digitisation and transformation projects in place with dedicated teams and resources • Ongoing and continuous modernisation and consolidation of systems, including modification to and/or replacement of legacy systems	M
I **Cyber-security**	Threats to the confidentiality, integrity or availability of our networks, systems or (customer and non customer) data caused by cyber attacks or other breaches of our systems	• Cyber attacks • Major data security incidents • echnical IT system failure • Digitisation of the company • Digitisation of customer solutions • IT integrations	L/H/M Trend →	• IT business continuity and disaster recovery plans • Information security governance • Continuous improvement of security programmes • Employee awareness training	M

Management assessment of whether the risk has (since last year): ↑ Increased → Stayed constant ↓ Decreased

	Risk description	Risks	Appetite / Impact / Likelihood	Mitigations and action plans	Impact after mitigation
J **People**	Attracting and retaining good people is essential to delivering excellent performance and excellent customer service	• Staff attrition above acceptable levels • Shortage of skilled labour in the market • Operating expenses for workforce too high	L/M/M Trend →	• Team spirit at the heart of our business • Well-structured and competitive benefit and reward packages • Market benchmarking of benefits • Constructive training and career development opportunities • Monitoring of employee satisfaction • Succession plans	M
K **Residual value**	We bear the residual risk on the value of our vehicles	• Fluctuations in residual values in the used equipment market • Electrification of trucks/reefers • International trade tariffs/restrictions • Political risk in key export markets for fleet sales such as Eastern Europe, North Africa and the Middle East	L/M/M Trend →	• Continuous monitoring and review of our remarketing prices • Flexibility in fleet holding period assessment • Residual Value Committee	L
L **Laws and corporate governance**	We are subject to numerous international and local regulations. Our governance may be ineffective due to the increasing size and complexity of the business	• Failure to comply with applicable laws and regulations resulting in reputational damage, claims and litigation, sanctions or penalties (e.g. EHS, GDPR, regulatory, statutory, tax, antitrust) • Unlawful employee actions • Inappropriate levels of authority • Unclear roles and responsibilities	L/M/L Trend →	• Dedicated legal experts • Robust compliance framework • Regular staff training and communication on compliance, GDPR and data privacy • Remuneration, Investment and Audit Committees support the Boards in effectively managing targeted risk and performance areas	M
M **Safety**	Our business involves the maintenance, repair and operation of heavy transportation equipment	• Lack of adequate (personal) safety measures for employees and visitors • Employee and customer accidents that could result in injuries, claims against TIP and damage to TIP's reputation	L/M/M Trend →	• Appropriate and rigorous health and safety policies and procedures • Safety equipment and clothing • Health and safety training and awareness initiatives • Health and safety KPIs regularly reviewed by the EMT, Management Board and Audit Committee	L

Management assessment of whether the risk has (since last year): ↑ Increased → Stayed constant ↓ Decreased

Review of the year

In this section

CEO review

“In 2023 TIP celebrated its 55th anniversary. During the year we continued to grow organically and expanded inorganically reaching a wider customer base. This helped us to increase our revenues reaching nearly €1.3 billion revenue

Despite global stagnation and rising interest costs, we delivered a strong performance and continued on our path for future growth and expansion. We have more than 100k units (as of December 2023) leased or rented by our customers and continue to meet their truck and trailer requirements with our tailor-made fleet solutions.

During 2023 we successfully increased the limit of our Revolving Credit Facility (RCF) and Asset Backed Securitisation facility (ABS) ensuring that our business has sufficient liquidity for future development. We continue to combine our vision for growth and development with our focus on sustainability, green innovations and social and governance strategy.

Finally, this year we have been actively continuing our acquisition strategy, strategically expanding our M&R network in Europe, reaching new customers and offering existing customers greater flexibility and a one-stop-shop solution for all their equipment needs.”

Bob Fast, President and CEO

Dear Stakeholders,
I am pleased to present our company's annual report for 2023. Despite heightened economic uncertainty, TIP Group has continued to grow, solidifying the business, enhancing our M&R and TIP Insight offerings and maintaining our focus on our sustainability ambitions.

It is a source of great pride that, despite the challenging economic conditions, we have the most stable leadership team in the market. As well as driving the growth and development of our business, they freely share their valuable experience with colleagues, ensuring that our next generation of leaders is equipped with the knowledge and skills to take our business forward.

Below are some key highlights from the year.

Revenue and financial performance highlights

Despite continued uncertainty in the European and Canadian economies, due to the energy crisis, inflation and rising interest cost, we had another good year of execution, with revenue up by 10% to €1,250m (2022: €1,134m). We continued to maintain strong performance with contribution, EBITDA and operating profits at €656m (2022: €633m), €524m (2022: €512m) and €168m (2022: €172m) respectively.

Record capital expenditure of €644m in 2023 resulted in a 13% increase in our leasing backlog to €1,498m (2022: €1,326m) reflecting an investment strategy focused on customer success. The interest rate pricing environment for equipment leasing remained challenging in 2023 following interest rate increases by central banks in many of our markets. As a result of economic impact of inflation, rising interest costs and the resulting economic downturn, we saw a decline in our fleet utilisation compared to the previous year. Customers continued to favour full-service maintenance leases as they sought efficiencies and outsourcing solutions for both their equipment and their maintenance and repair needs.

We have continued to develop our third-party maintenance and repair product offering both organically and through bolt-on acquisitions. Maintenance and repair revenue has grown at a compounded annual growth rate of 10% over the last five years. In 2023, it grew substantially by 25% (2022: 19%), demonstrating our market leadership in the fragmented maintenance and repair market The shortage of mechanics in the market also constrained growth and margin expansion in 2023. We will continue to invest in acquisitions, new workshops, additional bays, the modernisation and 'greening' of our workshops and the addition of new mobile service units to support future growth.

Investments

Over the course of last year, we invested in around 8,200 new equipment units, with additional focus on growing specialized units in our portfolio, for our rental and leasing fleet (2022: ~12,000 units). We also increased the number of units added through acquisitions with ~2,600 units. While increasing our investments in new equipment, we also increased our remarketing efforts, with a particular focus on retail sales to protect margins. Our diversified resale model enabled us to compensate for fluctuations in a number of national and export markets. With a strong utilisation of 89% (2022: 94%), we sold approximately 11,700 units (2022: ~5,800) for €117m (2022: €77m), while increasing our margins, demonstrating the strength of our remarketing network and our team's in-depth industry knowledge.

In addition, we expanded our geographical footprints during the year with 7 workshop related acquisition and 3 fleet related acquisitions, representing a total investment of €101m.

Financing

In 2023, we successfully expanded our financing programmes by €473m to support both capex and acquisitions. We expanded our revolving credit facility, increasing its size from €1,391m to €1,799m. We also refinanced our Asset-Backed Securitisation facility, increasing it by €65m to a total of €265m. As part of the expansion of our financing programmes, we added new banking partners and our existing partner banks provided additional liquidity, reflecting confidence in our business.

This is underpinned by our growth strategy, which provides us with a strong platform for future progress.

ESG

I am very proud of what we have already achieved since April 2021, when we first announced our ESG vision. We have adopted a comprehensive ESG strategy, submitted progress on our United Nations (UN) Global Compact Communication, committed to the Global Reporting Initiative (GRI) framework and set measurable sustainability targets.

We also published our second sustainability report last year. The report covers our sustainability strategy and performance and describes how we manage our impact on society and the environment.

Encouragingly, customer demand for sustainable solutions such as low-emission vehicles is in line with our vision. As businesses and consumers prioritise sustainability and environmental responsibility, it’s our role to support customers with a range of zero- and low-emission vehicles. Our commitment to this responsibility is demonstrated by our investments of €18m in zero and low-emission vehicles as part of our capex programme.

Risk management

In 2023,we maintained robust risk management processes related to credit, asset, treasury, tax and operational risks. Our credit losses in 2023 remained at a low level of 0.3% (2022: 0.3%) of revenue, which represents an achievement given the uncertain economic environment.

Furthermore, our increased revenue and financial performance demonstrate the effectiveness of our approach to the high-inflation environment of 2023. This approach has been characterised by agility and adaptability in relation to both our customers and our suppliers, showcasing the strength of our underlying business model.

Agreement to sell TIP Canada

Not only did we deliver strong results in a challenging economic environment in 2023, but we also reached another important milestone: the agreement to sell the TIP Canada business to Star Leasing Company LLC in the USA. The sale of TIP Canada will allow the Canadian business to develop in the broader North American market and will enable management to further improve its presence and offering in this market.

TIP Canada has been a valuable part of TIP Group since 2016, and we are grateful for the significant contribution of our Canadian team in further growing the business since the acquisition. The rights to use the “TIP” brand name in North America will remain with TIP Group.

TIP Europe continues to expand and develop its leadership position in the European market and remains a trusted advisor to its customers, suppliers, funders and employees.

Distribution

In February 2023, we declared a distribution of €24m to our shareholder. This distribution underlines our strong liquidity position and strong business performance despite the economic challenges of global economic stagnation due to inflationary pressures, geopolitical instability and rising interest costs.

Outlook

We are closely monitoring the uncertain economic environment, market stagnation, high interest rates and the potential impact of these factors on our business performance. Robust financial modelling allows us to maintain visibility of the short- and long-term impacts and to take the necessary actions to continue navigating these situations. We are taking initiatives to further improve our cost efficiency and maximise our utilisation (UTE). We continue to take advantage of the increasing demand for outsourced maintenance and repair services through the strong and growing geographical footprint of our workshop network. This is complemented by our pan-European roadside assistance platform and extensive supplier network.

We expect to further increase our volume of new leases during 2024. We continue to operate prudently and have the flexibility to adjust both our capex and acquisition investments in line with market developments. Our focus is on meeting the needs of our customers in these uncertain times. We are confident about the future of our industry because of its structural growth drivers and the strength of our position in the industry. Our company is growing, thanks to a profitable business model, while becoming more sustainable and innovative than ever before.

55 year Anniversary and a word of thanks

2023 was a special year as we celebrated 55 years in business. For the past 55 years, we have been dedicated to making a positive impact on the customers we serve, the people on our teams, our trusted partners, the industry we are passionate about, and the communities and planet we depend on. We look forward to another successful 55 years ahead of us.

I am immensely proud of our dedicated employees who deliver outstanding customer service every day in all parts of our business. On behalf of the Senior Leadership Team, I would like to express our heartfelt gratitude to all our colleagues for their hard work, commitment and willingness to embrace change. You make TIP a very special place to work. In particular, I would like to thank all our colleagues who are out there in the workshops and branches supporting our customers.

I would also like to take this opportunity to thank I Squared Capital, our shareholder, as well as our Board of Directors, for their continued support and commitment in 2023. Creating long-term value for our shareholder is a priority for TIP. Maintaining our growth momentum, supported by attractive returns on our investments, is critical to achieving this. Effective planning, a clear strategy and our robust but flexible business model ensure that we are well-placed to sustain our success and build an even stronger business for the future. Today, together, we are bigger and stronger than ever before.

Furthermore, I would like to welcome to the TIP family our new members from the recently acquired businesses of EURO-Leasing A/S in Denmark and Germany, Rudolf Sedlmeier GmbH and Mezger Rent & Service in Germany, Släp & Kaross AB in Sweden, LAST og TANK AS in Norway, Savon Rekkahuolto Oy in Finland, C.E.M. Scotland Ltd in the UK, Botlek Trailer Services (BTS) in the Netherlands, and SM Transportkylservice and BM Transportkylservice in Sweden. We look forward to working with them and learning from them as we grow our business together.

I expect to see much more focus on sustainability, innovation and artificial intelligence in the coming years, but I am very encouraged by the work we have done so far. TIP Group is moving in the right direction towards a greener, more resilient and sustainable future with an incredible level of knowledge and enthusiasm.

Finally, our achievements would not have been possible without the continued trust and support of our loyal customers, key suppliers and business partners, all of whom will continue to be at the heart of every decision we make.

Bob Fast
President and CEO

Financial review

Financial information and alternative performance measures

The financial information in this section and throughout this annual report is derived from the consolidated financial statements, including comparative data for the previous two years, as published in our 2022 and 2021 annual reports.

We have adopted a number of alternative performance measures (APMs) to provide additional useful information about the underlying trends, performance and position of the Group. The APMs are not defined by International Financial Reporting Standards (IFRS). As such, they may not be directly comparable to APMs used by other companies. The APMs are defined in this annual report and summarised in the Glossary.

The Financial review section includes figures and analysis reflecting both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

2023 financial highlights and key components of performance

€m	2021	2022	2023	% change
Leasing	478	591	665	13%
Rental	243	258	215	(17)%
Damage protection	31	38	38	–%
Leasing and rental	**752**	**887**	**918**	**4%**
M&R 3rd party	122	146	182	25%
Fleet sales	65	77	117	52%
Other	16	24	33	38%
Total revenue	**955**	**1,134**	**1,250**	**10%**
Contribution (excluding: credit losses)	**538**	**636**	**660**	**4%**
Credit losses	(2)	(3)	(4)	33%
Contribution	**536**	**633**	**656**	**4%**
Contribution %	**56%**	**56%**	**52%**	**(4)%**
Operating expenses	(106)	(121)	(132)	9%
EBITDA	**430**	**512**	**524**	**2%**
EBITDA %	**45%**	**45%**	**42%**	**(3)%**
Operating profit	**118**	**172**	**168**	**(2)%**
Operating profit %	**12%**	**15%**	**13%**	**(2)%**
Net operating assets	1,892	2,139	2,548	19%
Capital efficiency	**23%**	**24%**	**21%**	**(3)%**

The table below shows the impact of exchange movements, acquisitions and organic growth on our key performance components.

Key components of performance

€m	Revenue	Contribution	Operating expenses	EBITDA	Operating profit
2022	1,134	633	(121)	512	172
Exchange effects	(20)	(12)	1	(11)	(4)
2022 at 2023 rates	1,114	621	(120)	501	168
Incremental impact in 2023 of:					
2022/2023 acquisitions	60	26	(2)	24	5
Organic Growth	76	9	(11)	(1)	(5)
2023	**1,250**	**656**	**(133)**	**524**	**168**
% Total reported change	10%	4%	9%	2%	(2)%
% Total 2022 at 2023 rates	**12%**	**6%**	**11%**	**4%**	**-%**
% Organic change	7%	2%	9%	-%	(3)%

Group revenue for the year increased by 10% to €1,250m (2022: €1,134m), with growth of 4% in our leasing and rental business and 25% in M&R 3rd party.

Leasing and rental revenue increased by 4% predominately driven by long-term leasing revenue, while maintenance and repair (M&R 3rd party) revenue increased by 25% to €182m (2022: €146m) as we continued to complement organic growth with bolt-on acquisitions of both leasing portfolios and workshops in 2022 and 2023. We invested €644m (2022: €536m) in our fleet out of which €18m was spent on zero and low emission units. A further €31m (2022: €15m) was spent, principally in workshops and digitisation, to modernise our platform and support future growth. Our TIP Insight product grew steadily as we continued to develop our offering with more than 26,000 connected units (2022: 16,000).

We sold ~11,700 used trailers and trucks (2022: ~5,800), double the volume than previous year. Driven by strong demand for used equipment and thanks to a dedicated remarketing team and a diversified resale model, we increased our margins on fleet sales to a record level of 30% (2022: 28%).

Contribution increased by 4% to €656m (2022: €633m) lower than the revenue growth percentage mainly driven by a higher growth in lower margin products such as M&R 3rd party and fleet sales. Our margins for leasing and rental products decreased in 2023 reflecting reduction in our fleet utilization by 5%, to 89% (2022: 94%). This was driven by modest economic growth in 2023 impacted by inflationary pressures, geopolitical instability and rising interest cost. Our maintenance and repair contribution margin decreased slightly to 23% (2022: 25%), with several new workshop investments yet to reach normal operating capacity. Labour shortages and rising parts costs added to the pressure on margins.

Operating expenses increased by 9% (2022: 14%) to €132m (2022: €121m) as we continue to focus on leveraging our existing cost base and reflect the increase in resources across various functions as the business grows.

Our high-quality customer portfolio is the result of our robust “know your customer” (KYC) standards, due diligence, vetting processes and strong collection discipline. Given the turbulent economic climate in 2023, we managed to keep credit losses stable €4m (2022: €3m), representing 0.3% (2022: 0.3%) of total revenue.

In a very challenging economic environment our EBITDA increased by 2% to €524m (2022: €512m) driven by new fleet investments, a moderate contract renewal rate, capitalising on used equipment sales margins and bolt-on acquisitions, all while managing our operating expenses efficiently. Net operating assets increased by 19% to €2,548m (2022: €2,139m), driven by fleet purchases, workshop investments, digitisations and bolt-on acquisitions. These bolt-on acquisitions combined with new investments in fleet and workshops will have an additional positive impact in 2024.

Operating profit decreased by (2)% to €168m (2022: €172m) mainly due to lower margins on our leasing and rental products.

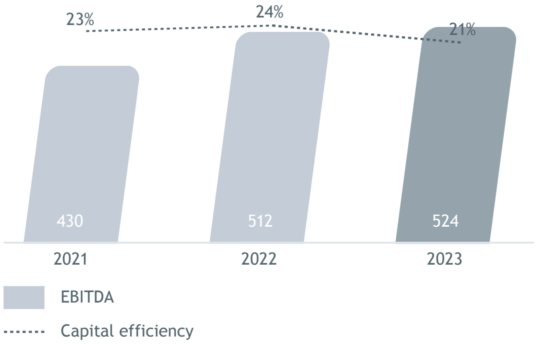
Robust long-term cash flow model and performance

We generally purchase new fleet assets as we sign new lease agreements with customers. During difficult economic and market conditions, we have demonstrated the flexibility of our business model by increasing and deferring fleet purchases in line with market demand:

€m	2021	2022	2023
EBITDA (excluding the gain on fleet sales)	417	490	489
Fleet purchases	(301)	(536)	(644)
Acquisitions	(11)	(115)	(101)
Fleet sales	65	77	117
Other net capex	(14)	(15)	(31)
Net capex	**(261)**	**(589)**	**(659)**
EBITDA - net capex	**156**	**(99)**	**(170)**

As a result of the growth in our net operating assets, our capital efficiency decreased to 21% in 2023 (2022: 24%). At 21%, it still remains substantially higher than before the global financial crisis (2007 and 2008: 16% and 18% respectively) due to a more balanced business portfolio mix (leasing and rental, M&R 3rd party). Our capital efficiency also benefits from the continued rigorous leverage of our cost base and the effective deployment of our assets.

EBITDA (€m)



We have maintained a very disciplined and robust administrative and other operating expenses (‘overhead’) model, which is divided into two key segments:

- Regional operating expenses support the acquisition of new customer business and the delivery of services. They consist primarily of compensation and benefits as well as third-party services related to local General Management, Commercial, Operations, Remarketing, Risk and Collections functions.
- Centralised costs comprise costs related to the Senior Leadership Team (SLT) and the costs of support functions which are mainly managed centrally through centres of excellence for IT, Human Resources, Asset Management, Legal, Finance (covering treasury, accounting, tax/VAT, credit underwriting, accounts

payable and billing), Operations (covering indirect sourcing, integrations and business Intelligence) and Commercial (covering fleet sourcing, insurance, M&A, international accounts, marketing and branding).

By leveraging our pan-European IT platform, we can avoid duplicating the cost of support functions. In addition, this cost management model allows us to utilise low-cost countries (LCCs) for support functions, particularly in IT and finance. Using our platforms and partners in Poland and India provides additional flexibility to our overhead cost base. In addition, centralised management of our third-party suppliers allows us to consolidate our purchasing power to obtain the best prices.

Liquidity and financing

Borrowings

During 2023, we continued to make substantial progress on our borrowings-related programmes. Our objectives were to:

- Diversify our funding sources
- Increase facilities to seize business opportunities and support our capex programme
- Secure competitive funding rates

We ended 2023 with total committed facilities primarily for fleet of €2,681m (2022: €2,229m), at an average margin of 2.2% (2022: 2.2%), and five diversified funding sources:

Revolving credit facility	(RCF)
Asset-backed securitisation	(ABS)
Funding lease book	(FLB)
Term loans	(TL)
Green Revolving credit facility	(GRCF)

I. RCF:

Our revolving credit facility is a club deal with a consortium of banks maturing in December 2025. On 12 December 2022, we signed an agreement to refinance our existing loan facility increasing the facility by €194m with our existing and new banks in the consortium. This made use of the facility's accordion feature bringing the total amount of credit to €1,391m. On 20 December 2023, TIP group increased the facility using the accordion feature, with existing and new banks in the consortium, bringing the total credit to €1,799m. We have a further accordion of €150m, which will allow us to increase the RCF, our private placement term loan facilities or our green revolving credit facility in the future. In addition, we can raise up to 22.5% of net assets (2023: €573m) via bonds to diversify our borrowings portfolio when the market conditions are more favourable.

This multi-currency facility allows us to borrow in the major currencies in which we operate. Minimum interest rate hedging requirements apply.

At the end of 2023, €1,381m (2022: €1,078m) of the RCF facility was drawn.

The facility is subject to three financial covenants, with which we complied fully in 2023 and in prior years:

Covenants

	2021	2022	2023
Interest cover	2.6x	3.2x	2.1x
Solvency	17%	20%	17%
Loan to value	90%	87%	91%

The Solvency ratio is (3%) lower than last year due to the increase in the investments, relating to both organic and inorganic growth (Net capex: €659m) which did not yet reach full maturity in 2023. We expect a positive contribution to the solvency ratio in the coming years as the investments reach their maximum maturity.

II. ABS:

The ABS facility was originally concluded on 10 September 2014, and was a private financing transaction using a Dutch law securitisation structure for operating leases that established a cross-border revolving securitisation facility.

On 10 December 2021, we entered into a new ABS facility, under an Irish law securitisation structure for operating leases that established a cross-border revolving securitisation facility. The Dutch law securitisation structure terminated on 31 December 2021. We were able to grandfather operating leases from Dutch law securitisation to Irish law securitisation. The new Irish structure has achieved Simple, Transparent and Standardized (STS) classification under the EU regulation framework for Securitisation.

In December 2023 we increased the facility by €65m and extended the maturity a further two years. At the end of 2023, we had a committed senior loan facility of €265m, provided by 2 leading European banks, with a margin of 1.20% until December 2025. The senior facility is a multicurrency facility allowing us to borrow in the major currencies in which we operate. It requires interest rate hedges to be taken out to match the operating lease cash flow.

At the end of 2023, €159m (2022: €88m) of the Irish ABS facility had been drawn. There are two financial covenants, interest cover and solvency, which apply to the ABS facility as they do for the RCF, GRCF and term loan facilities. We complied with both covenants during 2023.

III. FLB:

AtAt the end of 2023, as part of our funding lease book, we had lease facilities for fleet totalling €117m (2022: €138m), of which €68m (2022: €91m) had been drawn. The interest rates on these leases are at ~3.20% (2022: ~3.20%). These facilities are with various funders, manufacturers and lease providers the UK, Belgium, the Netherlands, Germany, Denmark, Spain, Ireland, France, Poland and Austria.

We also use leases for PP&E assets such as land, buildings and motor vehicles as part of our funding lease book. We ended 2023 with €113m (2022: €88m) of leases committed and drawn for PP&E.

IV. TL:

Term loans were successfully increased by €150m on 3 August 2021, with our existing private placement term loan institutions. At the end of 2023, we have 7 (2022: 8) term loans totalling €425m (2022: €425m). Average interest rates on these term loans is ~2.4% (2022: ~2.4%), and they are paid quarterly, with maturity coming in December 2026.

V. GRCF:

At the end of 2022, we successfully raised a green revolving credit facility of €75m. This multicurrency facility is dedicated to the financing of zero and low emission equipment and is in line with the EU taxonomy/green principles. The interest rate for this facility is 1.75%.

At the end of 2023, €14m (2022: €0m) of the GRCF facility had been drown.

These institutional term loans and the green revolving credit facility rank pari passu with the RCF facility in terms of security, and the three financial covenants applicable to the RCF also apply to TL and GRCF (LTV for GRCF is an exception). LTV for GRCF was fully complied with 2023, as shown below:

	2021	2022	2023
Loan to value (GRCF)	-%	-%	83%

Liquidity overview

We ended 2023 with a strong liquidity position, as shown below:

€m	2021	2022	2023	% change
Cash	16	14	19	36%
Committed unused facilities:				
RCF	244	313	418	34%
GRCF	-	75	61	(19%)
ABS	159	112	106	(5%)
FLB	49	47	49	4%
TL	-	-	-	-
Total	**468**	**561**	**653**	**16%**
% change	64%	20%	16%	

During the year we increased our RCF and ABS facilities by €473m providing additional liquidity to support our growth. The €500m accordion under the RCF, can also be used to raise additional TL or GRCF giving us the flexibility to access further liquidity in the market and continue to diversify our funding sources. In addition, we can raise up to 22.5% of net assets (2023: €573m) via bonds to diversify our borrowings.

We believe that by reinvesting our EBITDA and fleet sales, and further expanding our financing programmes, we are in a favourable position to build and modernise our fleet base and workshop networks, while also pursuing advantageous acquisitions of both lease portfolios and workshops as the economic cycle presents opportunities.

Liquidity governance

Our liquidity position can fluctuate significantly due to the timing of capital expenditure, working capital variations and the seasonal nature of our rental business. Short-term liquidity is reviewed on a weekly basis by the Treasury and Investor Relations (TIR) team using our weekly cash forecasts, which cover a three-month rolling period. In addition, the TIR team uses our monthly cash forecasts, which cover a 15-month rolling period, on a monthly basis to manage longer-term liquidity and to address any additional funding needs of the business at an early stage. This monitoring includes a review of compliance with the covenants, which is required to be reported monthly and quarterly under our RCF/TL/GRCF and ABS facilities to ensure that we maintain sufficient headroom. Summary reports are provided to the EMT and the Board on a monthly basis.

In addition, our External Financing Committee (EFC) is required to review and approve all additional borrowing facilities, subject to Board approval where appropriate. The EFC also monitors ongoing compliance with all bank covenants, the operation of the funding facilities and strategies for maintaining good relations and open communication with funders.

Minimum contracted borrowings repayment commitments

The table below summarises the maturities of our borrowing facilities as of 31 December 2023 by year of expiry:

Minimum contracted borrowings commitments

€m	2024	2025	2026	2027	2028+	Total
RCF	-	1,799	-	-	-	1,799
GRCF	-	75	-	-	-	75
ABS	-	265	-	-	-	265
FLB	45	39	28	66	51	229
TL	-	-	425	-	-	425
Total	**45**	**2,178**	**453**	**66**	**51**	**2,793**
% of total	**2%**	**79%**	**17%**	**2%**	**-%**	**100%**

Interest rate risk management

Our RCF (including GRCF) and ABS facilities are at floating rates and, where appropriate and in accordance with the requirements of the lenders, may be subject to interest rate hedging. We continue to take a more conservative position than required under these facilities and ended the year with the following profile of floating rate borrowings swapped to fixed on our main facilities:

	2021		2022		2023	
	% hedged	Duration (years)	% hedged	Duration (years)	% hedged	Duration (years)
RCF inc. GRCF	80%	2.4	89%	1.7	86%	1.4
ABS	100%	2.0	85%	3.0	100%	1.7
FLB	100%	4.1	100%	3.6	100%	3.2
TL1	100%	5.0	100%	4.0	100%	3.0
Weighted average	**88%**	**3.3**	**93%**	**2.6**	**91%**	**1.9**

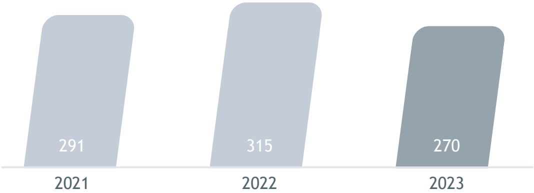
Foreign exchange risk management

Our main foreign exchange risk is in GBP, CAD, NOK and SEK, as we have both assets and cash flows in these currencies. We substantially hedge this risk by borrowing in GBP, CAD, NOK and SEK to fund our operations in the UK, Canada, Norway and Sweden respectively. Our RCF and GRCF facilities allow us to draw down in EUR, GBP, CAD, NOK, SEK, DKK, PLN, CHF and USD, while our ABS facility allows us to draw down in EUR, GBP, SEK and DKK. The FLB programmes are managed on a regional basis and are therefore denominated in the local currency.

Our presentation currency is the euro (€). Exposure to other currencies arises in the normal course of business. A proportion of our profits and net assets are denominated in non-euro currencies, principally the currencies mentioned above.

The table below summarises our non-euro net assets and the percentage of net assets denominated in non-euro currencies:

Non-€ net assets[1] (€m)



% of total net assets

56%	57%	49%

[1] DKK is excluded from non-€ net assets as it is formally tied to the euro.

Events after the reporting period and other significant items

On 31 January 2024, TIP Group acquired the trailer business of the German vehicle rental specialist EURO-Leasing GmbH. This acquisition added approximately 400 vehicles to the TIP fleet.

On 31 January 2024 TIP Group has acquired Mobility Service Elst in the Netherlands.

On 29 February 2024, TIP Group acquired the workshop business of Carrosserie de la Sarthe in France.

Commercial and operational review

Focus on leasing and rental performance

We have a proven track record of maintaining average daily rates (ADRs) and utilisation (UTE) through our flexible and scalable operational business model. We use our pan-European and Canadian scale to maintain utilisation rates by transferring equipment between countries and regions to take advantage of demand and pricing conditions.

The change in ADRs over the last three years is outlined below:

ADR

€	2021	2022	2023
Prior year	19.2	19.7	21.3
FX impact	0.2	0.3	(0.4)
M&A impact	-	0.3	0.1
Other/mix impact	0.3	1.0	1.5
Current year	19.7	21.3	22.4
UTE%	93%	94%	89%

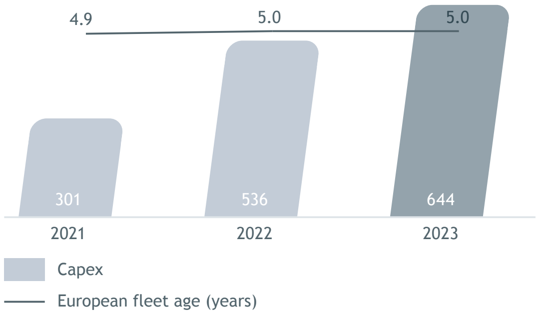
In 2023 we increased our leasing revenue by 13% (2022: 24%) driven by our investment in new fleet acquisitions. Re-lease rates on expiring leases decreased to 41% (2022: 57%).

In recent years, an increasing number of our customers have chosen to maintain their fleets with us. This is reflected in the increased proportion of leases with a service maintenance option (rising from 66% in 2007 to 90% in 2023).

The utilisation rate decreased by 5% compared to the previous year driven by global economic stagnation caused by inflationary pressures, geopolitical instability and rising interest costs. These factors made customers more reluctant to commit to leasing and rental services.

Despite the economic conditions demand for new equipment remained strong, hence we invested €644m (2022: €536m) in new trailer and trucks. The average age of our European fleet in 2023 remained unchanged from the previous year at 5.0 years old.

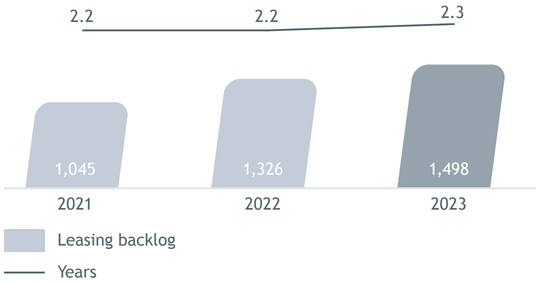
Capex (€m)



The Commercial and operational review section includes figures and analysis reflecting both continuing and discontinued operations. For the amounts related to discontinued operations split by activities, see page 67.

As a result of both lease renewals and new capex leases, we increased our leasing revenue backlog to €1,498m.

Committed leasing Revenue Backlog (€m)



Our ability to reinvest operating cash flow, combined with our unused credit facilities, will enable us to continue to invest in our fleet in 2024 to meet customer demand for new equipment leases.

During the year, customers were cautious about their cost base due to global stagnation and rising interest costs, which negatively impacted our utilisation. This resulted in a 17% decline in our rental business to €215m (2022: €258m). At the same time we were successfully able to convert rental contracts into leasing contracts increasing further our committed leasing revenue backlog. We continue to support our customers’ need for flexibility with a well-maintained rental fleet which is an ideal solution in uncertain times as it allows customers to effectively manage peaks in demand.

Damage Protection is our damage waiver programme offered on our own equipment and the revenue it generates is linked to the UTE of our fleet. We monitor its financial performance based on long-term margin reviews. A healthy balance between revenue and costs, at both an aggregate and individual customer level, is ensured through regular analysis of claims and customer loss ratio statistics, strict compliance with damage handling procedures and policies and reviews of damage protection pricing when necessary. In 2023, damage protection revenue remained stable at €38m (2022: €38m).

Leasing and rental

€m	2021	2022	2023
Leasing	478	591	665
Rental	243	258	215
Damage protection	31	38	38
Revenue	**752**	**887**	**918**
M&R own fleet costs	(250)	(301)	(329)
Damage protection costs	(16)	(18)	(20)
Contribution	**486**	**568**	**569**
Contribution %	65%	64%	62%

A 5% decline in our UTE during the year resulted in a reduction in the leasing and rental contribution to 62% (2022: 64%). In addition to the reduction in utilisation, there were several additional drivers, as outlined below:

- Rising cost inflation across the market has led to an increase in labour and parts costs, which in turn has increased maintenance costs, but increased investment in new fleet from early 2023 onwards has helped to partially stabilise cost pressures
- 2023 fleet acquisitions were accretive to the overall contribution margin
- We were able to increase the volume of insourced activity by €22m (2022: €21m) thanks to the launch of new workshops, efficiency improvements in existing workshops and enhanced insource cost control, all of

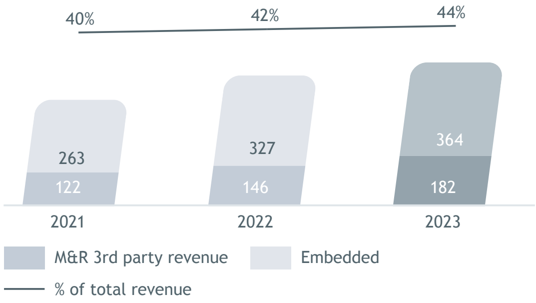
which improved productivity in 2023. We have also limited the increase in the cost of externally sourced activities through a series of sourcing initiatives, process re-engineering using operational applications and more robust approval processes

- Damage protection margins remain solid, with customers appreciating the security that this product offering provides

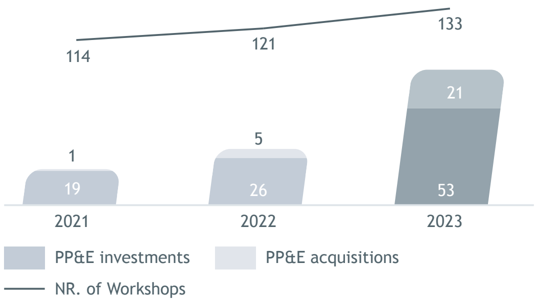
Focus on maintenance and repair performance

Our fleet maintenance and repair offering ensures compliance with regulatory standards and provides predictability of maintenance costs enabling our customers to focus on their core business. Our maintenance and repair revenue has almost quadrupled since 2014. Furthermore, a significant volume of our maintenance and repair revenue was generated through the maintenance embedded within our leasing and rental portfolio. Total maintenance and repair (included embedded) revenue increased to 44% of total revenue in 2023 (2022: 42%). The increase in maintenance and repair (including embedded) revenue by ~€73m was primarily driven by strong market demand and further growth of our workshop network both organically and inorganically. In addition, several of our workshops have obtained (or are in the process of obtaining) selected manufacturer service agent status, which allows them to carry out warranty repairs.

Maintenance and repair revenue (€m)



PP&E investments and acquisitions (€m)



3rd party maintenance and repair

€m	2021	2022	2023
Revenue	122	146	182
Contribution	**31**	**37**	**41**
Contribution %	26%	25%	23%

The growth in maintenance and repair revenue in 2023 was achieved at a lower margin of 23%, a decrease of 2% compared to the previous year. The main drivers were as follows:

- Investments in new workshops built and acquired in 2023 and 2022 which are not yet operating at normal capacity levels
- Challenges in recruiting and retaining sufficient staff, particularly mechanics, due to a tight labour market
- Input price pressure on labour and parts
- Continued investment in and modernisation of our workshops, which has helped to maintain stable margins
- Efficiency gains from workshops built and acquired in previous years, which are now operating at normal capacity levels

We added 15 (2022: 10) new workshops in 2023. During the year we also closed 3 workshops to optimise the geographic spread of our workshop network.

Focus on used assets

In 2023 we were able to increase both the volume and the margin on fleet sales compared to 2022. Fleet sales for the year were doubled to just over 11,700 assets (2022: ~5,800). The volume increase achieved also with increased in margin as a result of higher pricing in the market and the sale of newer equipment.

We achieved an increase in margins in 2023 from 28% to 30%. The principal drivers were as follows:

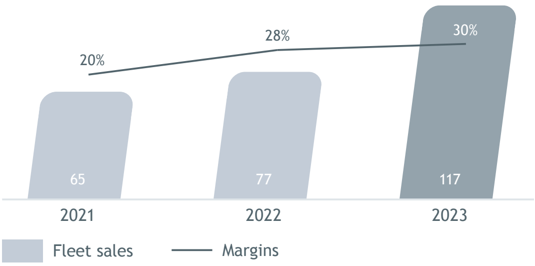
- Strong market demand due to a shortage of assets in the market
- Continued focus on retail sales and development of our dedicated remarketing sites
- Strong brand image in second-hand markets
- Diversified product offering across a wide geographical spread of markets

Retail sales to ‘end users’, which was a key driver for revenue and margins, increased in 2023 to 44% (2022: 35%) of total sales.

In 2023, we sold to approximately 1,500 customers in 50 markets. While our main focus is on major European markets, we continue to develop our network and customer base in export markets.

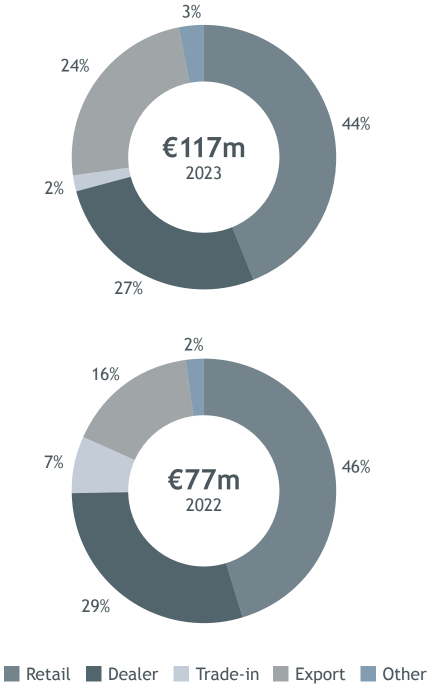
	2021	2022	2023
Units sold	6,500	5,800	11,700

Fleet sales (€m)



Remarketing centres

Fleet sales by end markets



Focus on acquisitions and integrations

In 2023, we continued our strategy focused on acquiring accretive businesses to support growth, leverage our scale and expand our geographical presence. We completed 10 (2022: 5) acquisitions during the year, comprising of 3 leasing and rental portfolios and 7 maintenance and repair businesses, for a combined total enterprise value of €101m (2022: €115m). These acquisitions were spread across 7 countries.

We completed three separate acquisitions of leasing and rental portfolios:

1. EURO-Leasing trailer business in Denmark, adding an extra ~1,650 trailers
2. EURO-Leasing truck business in Denmark, representing ~300 trucks
3. Mezger Rent & Service in Germany, adding ~540 assets to TIP Germany's fleet combined with a workshop operation

We also acquired 7 maintenance and repair businesses during the year:

1. Rudolf Sedlmeier GmbH in Germany
2. Släp & Kaross AB in Sweden
3. AST og TANK AS in Norway
4. Savon Rekkahuolto Oy in Finland
5. C.E.M. Scotland Ltd. in Scotland
6. Botlek Trailer Services (BTS) in the Netherlands
7. Two workshop businesses in Sweden, SM Transportkylservice and BM Transportkylservice

We aim to integrate areas such as Finance, Human Resources, Commercial, Operations and most IT platforms within a relatively short period of time after the completion of an acquisition. During this integration process, we strive to:

- Retain knowledge and skills, while driving operational efficiencies and taking advantage of economies of scale
- Retain and reward employees while providing a positive working environment
- Retain existing processes and systems where they add value and enhance our business

Of the 59 acquisitions completed since the beginning of 2014, 5 (2022: 4) remain on separate operating systems, primarily because these businesses operate parts inventory systems that are not in every country part of our standard business operational and financial systems. Our Canadian businesses continue to operate on standalone operational and financial systems, providing monthly reporting packs that allow us to complete our financial and management reporting.

In the coming year, we will focus on bringing the remaining acquisitions onto our standard processes and systems. This will further enhance productivity and consistency of customer experience across our network, simplify our reporting processes, and improve quality and consistency.

Focus on information technology

The success of our strategy to grow through fleet capex investments, M&R 3rd party and acquisitions depends on the timely delivery and functionality of our IT systems. Since 2016, we have migrated many of the IT applications that support our back-office functions to a cloud-based environment, increasing our flexibility to rapidly deploy these applications as we grow. In the previous year, we successfully migrated our procure-to-pay (P2P) process to the market-leading Microsoft Dynamics 365 tool, helping to standardise and simplify the accounts payable process for our employees and vendors. In 2023, we successfully completed a pilot project in two countries to migrate our parts and inventory management system for over-the-counter sales to the Microsoft Dynamics 365 tool, in line with the P2P process. We will roll out to other countries throughout 2024. Our aim is to also continuously invest in the front end of our business to:

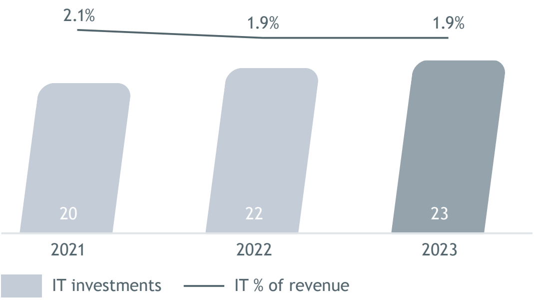
- improve the speed and quality of customer service
- drive productivity and efficiency with Lean process engineers across all functions
- empower employees with tools that allow them to serve our customers and shareholder
- leverage business intelligence (Microsoft Power BI) for the customer within our customer platform
- efficiently integrate all acquisitions with the addition of a parts inventory application

- position our business to take advantage of the Internet of Things and predictive maintenance for equipment in the future, including Artificial Intelligence
- drive new product implementations and future developments

IT investments

As our business has grown since 2014, we have reduced our operating expenses as a percentage of revenue from 19% to 11%. During this period, our revenue almost quadrupled, with our M&R revenue almost quadrupling, the number of workshops rising from 41 to 133, and the number of branches increasing from 53 to 97. To support this growth and drive productivity, we have increased our ongoing IT spending by ~150% to 1.9% as a percentage of revenue, in line with prior year.

IT spend (€m)



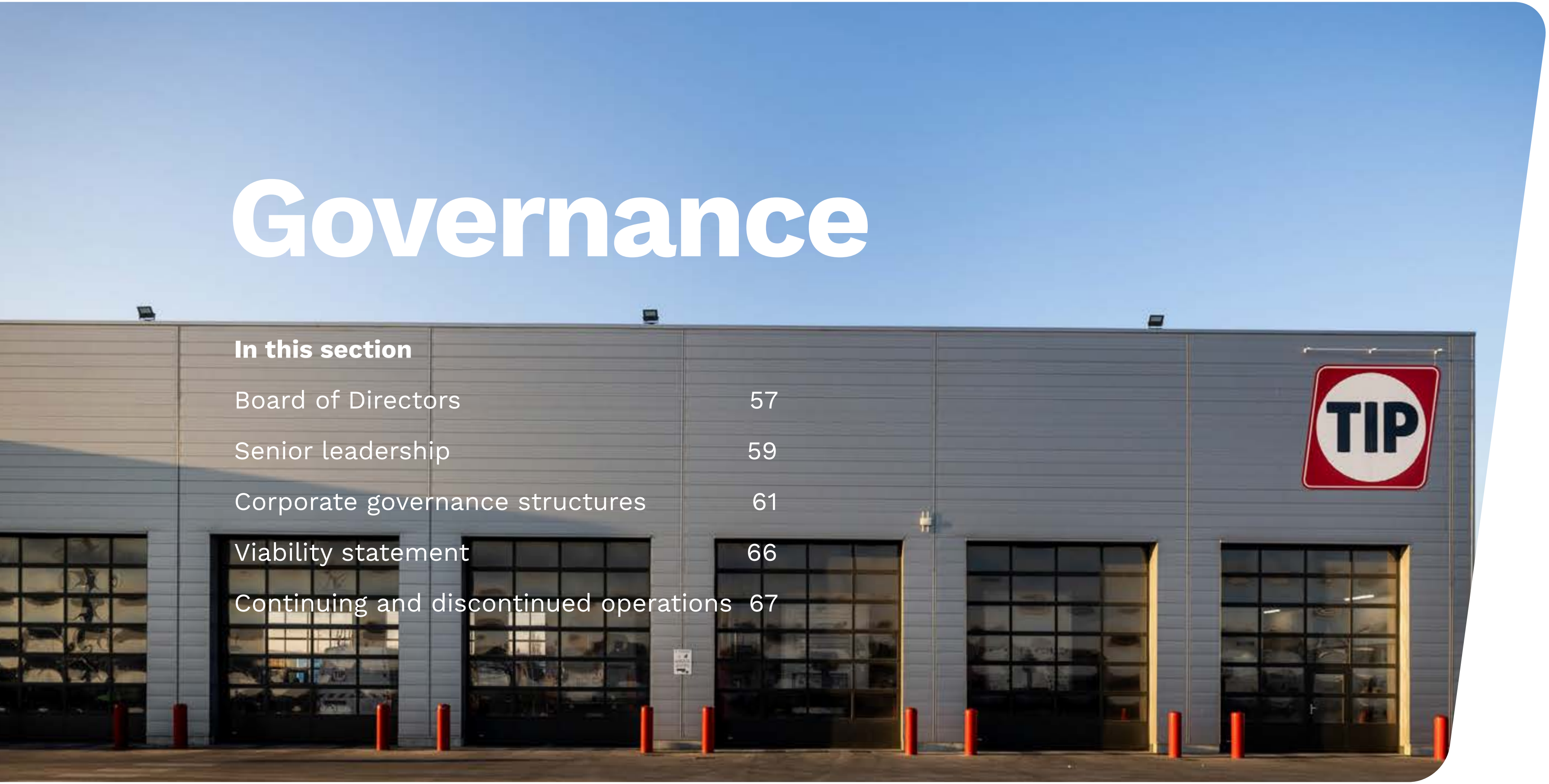
IT governance

Our governance infrastructure is robust, with a Technology Investment Committee in place for IT-related projects, including project plans approved by the EMT and, where material, by the Investment Committee and the Board. A member of the EMT then leads these projects, and regular progress reviews are undertaken. We aim to minimise business disruption, cost and time.

Focus on insurance

We have a low appetite for insurable risks. However, we selectively accept certain insurable risks that we consider to be highly unlikely and/or where the cost-benefit analysis does not justify the premiums required for low-probability risks. Our aim is to identify and develop an insurance risk profile that will enable these risks to be monitored and managed on an ongoing basis through an insurance risk policy. Insurance may be arranged either centrally or locally to minimise costs and ensure that all entities are protected against the most significant risks. Leading insurance companies underwrite our insurance policies.

We take out mandatory insurance for our fleet where it is required by law and for employee company cars. In addition, we take out a number of optional insurance policies to mitigate risks, including but not limited to general and product liability, property damage and business interruption.



Governance

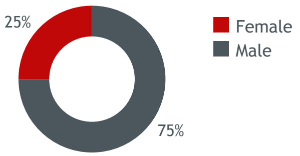
In this section

Board of Directors

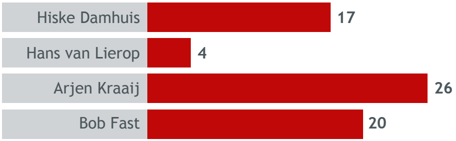
The Board of Directors of Global TIP Holdings Two B.V. is responsible for developing strategy and setting corporate values together with senior leadership to create long-term value for our shareholder. The Board decides what risks TIP is prepared to take in pursuit of its strategic objectives.

The Board's oversight responsibilities include constructively challenging senior leadership on operational aspects of the business, including approving budgets and reviewing the adequacy of risk management and internal controls. The Board is also responsible for providing accurate, timely and understandable information about the Group to our shareholder, lenders and other stakeholders.

Gender diversity (The Board)[1]



TIP years of experience (The Board)



Hiske Damhuis	17
Hans van Lierop	4
Arjen Kraaij	26
Bob Fast	20

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[1] Also see Gender Diversity under ESG on page 24.

Bob Fast – American
President and Chief Executive Officer

Bob was appointed CEO of TIP in 2003. In 2009, he additionally assumed the position of President and CEO of GE Equipment Services. Bob led the carve-out and sale of TIP from GE in 2013, and the sale to I Squared Capital in 2018. He led the integration into the I Squared Capital structures and processes.

Bob joined GE in 1982 and has held leadership positions in a variety of GE divisions including roles in Finance, Sales, Business Development, Marketing, Leasing, and General Management. Bob was reappointed President and CEO of TIP in 2013 and appointed to the Board in 2014. He is based in the Netherlands.

Main responsibilities: Strategy and business execution

Arjen Kraaij – Dutch
Deputy Chief Executive Officer

Arjen was appointed Deputy CEO for TIP in January 2021. He is based in the Netherlands. Arjen was appointed to the Board in 2018.

Arjen joined TIP in 1997 and since held a number of international leadership roles for the company. These range from general management to commercial leadership roles. More recently he led the successful acquisition strategy as well as the sourcing and asset management functions globally.

Main responsibilities: Daily business execution, commercial, sourcing, asset management and used equipment sales as well as M&A

Hans Van Lierop – Dutch
Chief Financial Officer

Hans was appointed CFO of TIP in May 2020. Prior to this he held financial leadership roles at Diageo, Airtel, and Massmart Walmart. Through these roles he was heavily involved in Supply Chain Management and large capital expenditure programmes fuelling business growth and transformation. Hans brings to TIP broad international expertise from different industries, with over 25 years' experience in finance, including 14 years as a CFO. Hans was appointed to the Board in 2020. He is based in the Netherlands.

Main responsibilities: Financing, treasury, investor relations, credit risk, planning, financial reporting, accounting and tax

Hiske Damhuis – Dutch
Chief Human Resources Officer

Hiske was appointed HR Director of TIP in 2006, and promoted to HR Director of GE Equipment Services in 2009. In addition to this role, she was a member of the Board of GE Pension fund in the Netherlands and HR Council leader for GE's businesses in the Benelux from 2010 until 2013. Hiske was instrumental in leading all HR aspects of the TIP carve-out from GE including employee communications, payroll and benefits, and the HR information system. Before joining TIP, Hiske worked for more than 10 years in various HR roles in international business. She is based in the Netherlands. Hiske was appointed to the Board in 2018.

Main responsibilities: People and employee communication

Senior leadership

Extensive industry and international experience
The Executive Management Team (EMT) is responsible for the day-to-day management of our business, the implementation of our strategy and policies and the achievement of our objectives and results. Together with the Boards, the EMT determines the company's values and ensures compliance with all applicable regulations. The EMT and the Boards are responsible for the integrity of our financial reporting and control environment.

The Senior Leadership Team (SLT) consists of the Management Board and our regional and product vice presidents. The SLT provides strategic advice and input on commercial and operational matters, business processes, controls and overall strategy.

Form together with the Management Board the EMT:

Paul Beadle – British
Chief Operating Officer

Main responsibilities:
Operations, IT, BI, EHS, ESG, integration of TIP-acquired businesses and non-fleet sourcing

Gerard Berghuis – Dutch
Chief Legal Officer and
Company Secretary

Main responsibilities:
Legal affairs, Compliance, Insurance, Company secretary

Form together with the EMT the SLT:

Oliver Bange – German
Vice President Central Europe Region

Mark Crossland – British
Vice President Tankers UK

Maximilian Gellert – German
Chief Digital Officer

Michael Furnival – British
Vice President UK and Ireland Region

Rogier Laan – Dutch
Vice President Sales & Marketing

Jim MacIntosh – Canadian
Vice President Canada

Frederic Notte – French
Vice President Mediterranean Region

Christian Petersen – Danish
Vice President Nordic Region

Peter Jan Troost – Dutch
Vice President Benelux Region

Theo de Vries – Dutch
Vice President Services and Insight

Andy Wyatt – British
Chief Information Officer

Corporate governance structures

Our corporate governance provides stakeholders with a secure and agile corporate structure designed to **deliver shareshareholder returns and ensure effective controls are in place to protect our stakeholders.**

Our shareholder, our Supervisory and Management Boards and our EMT have approved our corporate governance principles. They guide our practices and policies in the countries where we operate and ensure that we remain responsive to our shareholder and other stakeholders and communities.

Our Shareholder

Cube Transportation

Cube Transportation was established in 2018 for the purpose of acquiring TIP and its related subsidiaries.

In addition to providing board and management support to TIP through the board committees, Cube Transportation provides support to TIP's operating entities including marketing, procurement, financing, treasury, investor relations, finance, HR and asset management.

Our ultimate beneficial shareholder is ISQ Holdings, LLC, a limited liability company. Our senior leaders regularly participate in the portfolio conferences and best practice sharing events that it holds

Shareholder boards

The Supervisory Board

The Supervisory Board oversees the shareholder's Management Board and the general management of the company. It advises the Management Board and coordinates strategic matters between ISQ Holdings, LLC and TIP. The Supervisory Directors are guided by the interests of the company in the performance of their duties. Members of the Supervisory Board are appointed for an indefinite period.

The **members** of the Supervisory Board are:
- Mohamed Adel El-Gazzar - appointed 2018
- Enrico Del Prete - appointed 2018
- Maxime Jacqz - appointed 2018
- Thomas (Tom) J. Donohue, Jr. - appointed 2018
- David Binks - appointed 2019
- Steven Webber - appointed 2019
- Detlef Borghardt - appointed 2019
- Simon Glass - appointed 2020

The main **responsibilities** of the Supervisory Board are:
- Coordination between ISQ Holdings, LLC and TIP
- Supervision of the Management Board
- Provide advice to the Management Board
- Strategic matters

The Supervisory Board members interact regularly with the Management Board and SLT on an individual and group basis. They also meet and participate in conference calls with broad groups of employees, on an individual and group basis.

The Management Board

Our Management Board has ultimate responsibility and accountability for the management of the business. Members of the Management Board are appointed for an indefinite period.

The **members** of the Management Board are:
- Bob Fast
- Arjen Kraaij
- Hans Van Lierop
- Hiske Damhuis

The main **responsibilities** of the Management Board are:
- Achieving of the business objectives
- Executing TIP's corporate strategy
- Assessing business growth opportunities and risks
- Managing the structure and operation of internal risk management and control systems
- Overseeing the financial reporting process
- Ensuring compliance with legislation and regulations
- Promoting corporate social responsibility
- Supervising operations and the EMT

Individual members of the Management Board regularly interact with the SLT on an individual and group basis. They also meet and participate in conference calls with broad groups of employees, on an individual and group basis.

The Supervisory Board and the Management Board met four times in 2023.

Cube Transportation Board Committees

To improve effectiveness and efficiency, three joint Supervisory and Management Board committees were established in early 2019. The appointment of these committees and the charters governing their roles and responsibilities were approved by the members (shareholders) at the time of their establishment. These committees cover investment, remuneration, and audit and compliance. They review and advise the Boards in their assigned areas of responsibility and approve matters as required by their charters. The Board retains full responsibility for the decisions taken. Board members are entitled to attend committee meetings and receive minutes of all meetings and supporting documentation on request. The Company Secretary acts as secretary to all Board committees

Role of Cube Transportation Board and committees

Cube Transportation Board is responsible for setting strategy and ensuring the necessary resources are in place to deliver on that strategy.

Cube Transportation Board

Remuneration Committee (RemCo)
R

Responsible for determining remuneration policy, including pensions, bonuses and other variable benefits, and their application, with specific responsibility for remuneration of non-executive directors and senior management

Investment Committee (InvestCo)
I

Reviews and recommends significant capex and other investments. Reviews and recommends all acquisitions and disposals

Audit Committee (AuditCo)
A

Reviews financial reporting, relationship with external auditor, internal control, EHS compliance, other regulatory compliance and risk management

🟥 Board committee

R Remuneration Committee

The **members** of the Remuneration Committee are:

- Enrico del Prete - appointed 7 February 2019
- Maxime Jacqz - appointed 7 February 2019
- Bob Fast - appointed 7 February 2019
- Hiske Damhuis - appointed 7 February 2019

I Investment Committee

The **members** of the Investment Committee are:

- Enrico del Prete - appointed 7 February 2019
- Maxime Jacqz - appointed 7 February 2019
- Bob Fast - appointed 7 February 2019
- Arjen Kraaij - appointed 7 February 2019
- Steven Webber - appointed 7 February 2019

A Audit Committee

The **members** of Audit Committee are:

- Enrico del Prete - appointed 7 February 2019
- Maxime Jacqz - appointed 7 February 2019
- Bob Fast - appointed 7 February 2019
- Hans Van Lierop - appointed 22 July 2020

The individual directors regularly interact with the SLT on an individual and group basis. They also met and participated in conference calls with broad groups of employees, on an individual and group basis.

Where appropriate, binding corporate resolutions are implemented to harmonise the policies of our subsidiaries and maximise efficiency.

Conflict of interest

Decisions to enter into transactions that could give rise to a conflict of interest for members of the Management Board or the Supervisory Board of Cube Transportation, which are of material significance to the company and/or the relevant members of the Boards, require the approval of the Supervisory Board. The Supervisory Board is responsible for deciding how to resolve conflicts of interest between members of the Management Board, the SLT, our shareholder and the external auditor.

No conflicts of interest were identified during 2023.

Directors' responsibility statement

The Board of Directors is responsible for maintaining proper accounting records, safeguarding assets, and preventing and detecting fraud and other irregularities. The Board of Directors is also responsible for the quality and completeness of publicly disclosed financial reports.

The Directors believe that they have complied with these requirements by providing adequate resources to maintain proper books and accounting records throughout the Group, including the appointment of personnel with appropriate qualifications, experience and expertise.

The most important elements of our control systems to ensure reliable consolidated financial statements are:

- A consistent, standardised set of accounting and reporting principles applied throughout the Group, based on our application of International Financial Reporting Standards (IFRS)
- monthly reporting and financial results that analyse and explain developments and link them to our risk information
- compliance with accounting and reporting standards is monitored by our Financial Controllership, Tax and Treasury and Investor Relations teams, in addition to being reviewed by our external auditors.

On 12 March 2024, members of the Audit Committee conducted a meeting with Ernst & Young Accountants LLP (EY), the independent external auditors, and discussed the consolidated financial statements for 2023 and the independent auditor's assurance report that EY had issued on those financial statements. Following this discussion, the Board of Directors authorised the consolidated financial statements for the year 2023 for issuance.

Each member of the Board of Directors hereby confirms that to the best of their knowledge:

- Our financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of TIP Group
- Additional disclosures have been provided where compliance with the specific requirements of IFRS is not sufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and performance
- Our annual report, taken as a whole, gives a fair, balanced and understandable view of the position at the balance sheet date, the development and performance of our business during the financial year, together with a description of the principal risks and uncertainties that TIP Group faces and provides appropriate information for stakeholders to assess the Group's performance, business model and strategy

Amsterdam, 12 March 2024

Robert Alain Fast
Gerard Arjen Reinder Kraaij
Johannes Jacobus Maria van Lierop
Hiske Damhuis

Viability statement

The Board of Directors has made an assessment of our prospects and ability to meet our liabilities as they fall due over the medium-term. This assessment has taken into account our current position and the principal risks we face, which are set out in the ‘Managing our risk section’. This longer-term assessment process supports the statements on both viability, as set out below, and going concern which is included in the financial statements section of this report.

While the Board of Directors has no reason to believe that we will not be viable in the longer term, the period over which it believes it is possible to form a reasonable expectation of our longer-term viability is the five-year period to December 2028. This is consistent with the duration of the business plan, which is prepared annually and reviewed by the Board, and the long-term contractual and commercial nature of the business. In addition, we have committed and diversified (in terms of type, duration and jurisdiction) borrowing facilities that are long-term in nature and provide flexible financing for our business needs. We believe this provides a reasonable level of confidence in our longer-term outlook.

We prepare an annual budget alongside our five-year business plan. This plan takes into account both our cash flow and covenant projections. It is used to review funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used fleet sales and other factors that may affect liquidity. It also takes into account our ability to raise finance and deploy capital.

The nature of our business is such that our cash flow is counter-cyclical. In periods of improving and stable markets, we invest in our leasing and rental fleet, both to replace existing fleet and to increase the overall size of the leasing and rental portfolio. This results in improved margins and profits, but also in negative cash flow from operations during periods of rapid growth. In weak or declining markets, however, we invest less in our leasing and rental fleet and, as a result, generate significant cash flow from operations. Demand for our maintenance and repair services tends to be counter-cyclical as equipment ages across the market, helping to generate revenue and cash in a downturn. Recognising the overall cyclicality of the business, we undertake scenario planning based on the timing, severity and duration of a downturn and subsequent recovery. These scenario plans consider the impact of economic and market cycles on revenue, margins, cash flow and overall borrowing levels.

Based on these analyses and considerations, and the Board of Director’s regular monitoring and review of the risk management and internal control systems, we do not believe that there are any reasonably foreseeable events that would result in our inability to meet our liabilities as they fall due that could not be mitigated through our ability to adjust our business plans.

For the reasons set out above, the Board of Directors has a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due over the period to December 2028.

Continuing and discontinued operations

From 15 December 2023, TIP Fleet Services Canada Ltd. has been reported as a discontinued operation and has been classified as a disposal group held for sale, as management had concrete plan to sell the Canadian business.

The tables below provide insight into the business results of TIP Group, split into results from continuing and discontinued operations and should be read in conjunction with the Management Discussions and Analysis (MD&A) section of the Annual Report 2023, which reflect the results from both continuing and discontinued operations.

Statement of profit or loss

	Continuing Operations		Discontinued Operations		Consolidated	
€m	2023	2022	2023	2022	2023	2022
Leasing	613.2	550.1	52.2	40.6	665.4	590.7
Rental	131.2	156.5	83.8	101.8	215.0	258.3
Damage protection	37.5	37.6	0.3	0.3	37.8	37.9
Leasing and rental	**781.9**	**744.2**	**136.3**	**142.7**	**918.2**	**886.9**
M&R 3rd party	177.4	141.1	4.2	4.4	181.6	145.5
Fleet sales	107.6	72.9	9.0	3.6	116.6	76.5
Other	31.2	18.9	2.5	5.8	33.7	24.7
Total revenue	**1,098.1**	**977.1**	**152.0**	**156.5**	**1,250.1**	**1,133.6**
Contribution (excluding: credit losses)	574.1	546.4	86.6	90.6	660.7	637.0
Credit losses	(2.1)	(3.2)	(2.2)	(0.2)	(4.3)	(3.4)
Contribution	572.0	543.2	84.4	90.4	656.4	633.6
Contribution %	52%	56%	56%	58%	53%	56%
Operating expenses	(121.6)	(107.5)	(11.1)	(13.6)	(132.7)	(121.1)
EBITDA	**450.4**	**435.7**	**73.3**	**76.8**	**523.7**	**512.5**
EBITDA %	41%	45%	48%	49%	42%	45%
Operating profit	**134.1**	**135.1**	**34.3**	**36.6**	**168.4**	**171.7**
Operating profit %	12%	14%	23%	23%	13%	15%
Net operating assets	2,267.1	1,883.8	281.2	255.3	2,548.3	2,139.1

Non financial measures

	Continuing Operations		Discontinued Operations		Consolidated	
€m	2023	2022	2023	2022	2023	2022
Fleet (#k)	90	90	28	31	118	121
Net assets €m	496.7	476.4	145.7	161.3	642.4	637.7
ADR €	25.1	24.1	14.3	13.6	22.4	21.3
UTE %	90%	94%	80%	90%	89%	94%
Number of employees (#)	3,064	2,616	482	463	3,546	3,079

Statement of financial position

	Continuing Operations		Discontinued Operations		Consolidated	
€m	2023	2022	2023	2022	2023	2022
Fleet	2,038.2	1,756.2	305.0	282.9	2,343.2	2,039.1
Property, plant and equipment	219.7	178.6	17.9	20.9	237.6	199.5
Intangible assets	80.4	71.3	80.3	83.7	160.7	155.0
Financial assets	54.6	50.0	—	—	54.6	50.0
Derivatives	—	12.1	—	—	—	12.1
Deferred tax assets	11.7	8.8	—	—	11.7	8.8
Non-current assets	**2,404.6**	**2,077.0**	**403.2**	**387.5**	**2,807.8**	**2,464.5**
Inventories	51.6	29.0	6.0	3.8	57.6	32.8
Trade and other receivables	207.8	184.2	22.2	22.6	230.0	206.8
Financial assets	0.6	0.2	—	—	0.6	0.2
Derivatives	9.7	21.6	—	—	9.7	21.6
Current tax assets	5.2	1.2	3.0	—	8.2	1.2
Cash and equivalents	17.7	9.5	1.4	4.2	19.1	13.7
Current assets	**292.6**	**245.7**	**32.6**	**30.6**	**325.2**	**276.3**
Total assets	**2,697.2**	**2,322.7**	**435.8**	**418.1**	**3,133.0**	**2,740.8**
Borrowings	73.3	76.4	—	—	73.3	76.4
Provisions	2.4	1.7	—	—	2.4	1.7
Trade and other payables	189.0	209.9	8.0	11.7	197.0	221.6
Current tax liabilities	17.8	11.8	—	—	17.8	11.8
Current liabilities	**282.5**	**299.8**	**8.0**	**11.7**	**290.5**	**311.5**
Borrowings	1,854.6	1,495.7	217.2[1]	181.9	2,071.8	1,677.6
Derivatives	5.5	—	—	—	5.5	—
Trade and other payables	28.9	22.3	—	—	28.9	22.3
Deferred tax liabilities	29.0	28.5	64.9	63.2	93.9	91.7
Non-current liabilities	**1,918.0**	**1,546.5**	**282.1**	**245.1**	**2,200.1**	**1,791.6**
Total liabilities	**2,200.5**	**1,846.3**	**290.1**	**256.8**	**2,490.6**	**2,103.1**
Net assets	**496.7**	**476.4**	**145.7**	**161.3**	**642.4**	**637.7**
Equity	**496.7**	**476.4**	**145.7**	**161.3**	**642.4**	**637.7**

[1] The balance includes the intercompany position.

Statement of cash flows

	Continuing Operations		Discontinued Operations		Consolidated	
€m	2023	2022	2023	2022	2023	2022
Operating activities						
Profit before tax	40.1	68.6	31.2	34.4	71.3	103.0
Adjustments to reconcile profit before tax to net cash flows[1]	377.8	345.1	40.1	43.2	417.9	388.3
Working capital movements	(47.8)	(7.3)	(3.0)	(0.5)	(50.8)	(7.8)
Proceeds from fleet sales	107.6	72.9	9.0	3.6	116.6	76.5
Fleet purchases	(567.0)	(483.7)	(64.1)	(46.4)	(631.1)	(530.1)
Fleet customisation expenditures paid	(12.5)	(6.0)	(0.2)	(0.1)	(12.7)	(6.1)
Net interest and tax	(86.0)	(69.1)	(15.3)	(11.7)	(101.3)	(80.8)
Net cash flows from/(used in) operating activities	**(187.8)**	**(79.5)**	**(2.3)**	**22.5**	**(190.1)**	**(57.0)**
Investing activities						
Business combinations (net of cash acquired)	(82.9)	(101.3)	–	–	(82.9)	(101.3)
Loan granted	(5.0)	–	–	–	(5.0)	–
Proceeds from PP&E disposal	0.1	0.4	–	–	0.1	0.4
PP&E purchases	(22.8)	(11.0)	(2.1)	(0.5)	(24.9)	(11.5)
Intangible assets purchases	(5.8)	(4.3)	–	–	(5.8)	(4.3)
Net cash flows from/(used in) investing activities	**(116.4)**	**(116.2)**	**(2.1)**	**(0.5)**	**(118.5)**	**(116.7)**
Net cash flows after investing activities	**(304.2)**	**(195.7)**	**(4.4)**	**22.0**	**(308.6)**	**(173.7)**
Financing activities						
Borrowing drawdowns[1]	482.9	388.8	39.3	(17.5)	522.2	371.3
Payment of principal portion of lease liabilities	(37.8)	(37.7)	(7.0)	(7.1)	(44.8)	(44.8)
Borrowing repayments	(138.7)	(174.5)	–	–	(138.7)	(174.5)
Share premium[1]	30.6	45.0	(30.6)	–	–	45.0
Dividends paid	(24.3)	(24.4)	–	–	(24.3)	(24.4)
Net cash flows from/(used in) financing activities	**312.7**	**197.2**	**1.7**	**(24.6)**	**314.4**	**172.6**
Net cash flows after investing and financing activities	**8.5**	**1.5**	**(2.7)**	**(2.6)**	**5.8**	**(1.1)**
Cash and equivalents at 1 January	9.5	8.2	4.2	7.4	13.7	15.6
Net increase/(decrease) in cash and equivalents	8.5	1.5	(2.7)	(2.6)	5.8	(1.1)
Net foreign exchange difference	(0.3)	(0.2)	(0.1)	(0.6)	(0.4)	(0.8)
Cash and equivalents at 31 December	**17.7**	**9.5**	**1.4**	**4.2**	**19.1**	**13.7**

[1] Line includes the intercompany balances/transactions

Financial statements

In this section

Consolidated statement of profit or loss

for the period ended 31 December

€m	Note	2023	2022 (Restated)[1]
Revenue	8	1,098.1	977.1
Cost of sales	9	(814.0)	(708.8)
Expected credit losses	9	(2.1)	(3.2)
Gross profit		**282.0**	**265.1**
Administrative and other operating expenses	10	(147.9)	(130.0)
Amortisation of intangible assets	10	(6.7)	(7.5)
Exceptional administrative items	17	(1.7)	(3.7)
Operating profit		**125.7**	**123.9**
Finance income	14	3.0	5.0
Finance cost	14	(88.6)	(60.3)
Profit before taxes from continuing operations		**40.1**	**68.6**
Taxation	16	(13.8)	(14.5)
Net profit from continuing operations		**26.3**	**54.1**
Profit/(loss) after tax for the year from discontinued operations		25.1	27.5
Net profit		**51.4**	**81.6**
Underlying operating profit from continuing and discontinued operations[2]		**168.4**	**171.7**

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[1] *Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

[2] *Underlying operating profit excludes amortisation of intangible assets and exceptional items to provide a better indication of the Group's underlying business performance.*

Consolidated statement of comprehensive income

for the period ended 31 December

€m	Note	2023	2022 (Restated)
Net profit from continuing operations		26.3	54.1
Net profit from discontinued operations	15	25.1	27.5
Net profit		**51.4**	**81.6**
Foreign currency translation		0.8	(8.0)
Foreign currency translation reserve, net of tax		**0.8**	**(8.0)**
Cash flow hedge revaluation		(29.1)	32.9
Taxation	16.2	5.6	(7.0)
Cash flow hedge, net of tax		**(23.5)**	**25.9**
OCI to be reclassified to profit or loss in subsequent periods, net of tax		**(22.7)**	**17.9**
OCI for the period, net of tax		**(22.7)**	**17.9**
Comprehensive income for the period, net of tax		**28.7**	**99.5**

Consolidated statement of financial position

as at 31 December

€m	Note	2023	2022
Fleet	18	2,038.2	2,039.1
Property, plant and equipment	19	219.7	199.5
Intangible assets	20	80.4	155.0
Financial assets	21	54.6	50.0
Derivatives	27	—	12.1
Deferred tax assets	22	11.7	8.8
Non-current assets		**2,404.6**	**2,464.5**
Inventories	23	51.6	32.8
Trade and other receivables	24	207.8	206.8
Financial assets	21	0.6	0.2
Derivatives	27	9.7	21.6
Current tax assets		5.2	1.2
Cash and equivalents	25	17.7	13.7
Assets held for sale	15	435.7	—
Current assets		**728.3**	**276.3**
Total assets		**3,132.9**	**2,740.8**

Consolidated statement of financial position (continued)

as at 31 December

€m	Note	2023	2022
Borrowings	26	73.3	76.4
Provisions	28	2.4	1.7
Trade and other payables	29	189.0	221.6
Current tax liabilities		17.8	11.8
Liabilities directly associated with the assets held for sale	15	89.9	–
Current liabilities		**372.4**	**311.5**
Borrowings	26	2,055.0	1,677.6
Derivatives	27	5.5	–
Trade and other payables	29	28.9	22.3
Deferred tax liabilities	22	29.0	91.7
Non-current liabilities		**2,118.4**	**1,791.6**
Total liabilities		**2,490.8**	**2,103.1**
Net assets		**642.1**	**637.7**
Share capital	31.1	–	–
Share premium		477.1	477.1
Retained earnings		175.8	148.7
Other reserves	31.3	(7.9)	11.9
Reserve of a disposal group held for sale	31.4	(2.9)	–
Equity		**642.1**	**637.7**

Consolidated statement of changes in equity

for the period ended 31 December

€m	Note	Share capital	Share premium	Retained earnings	Other reserves	Reserves for discontinued operations	Equity
At 1 January 2022		–	**432.1**	**91.5**	**(6.0)**	**–**	**517.6**
Net profit		–	–	81.6	–	–	81.6
OCI for the period	31.3	–	–	–	17.9	–	17.9
Total comprehensive income		**–**	**–**	**81.6**	**17.9**	**–**	**99.5**
Increase		–	45.0	–	–	–	45.0
Dividends		–	–	(24.4)	–	–	(24.4)
At 31 December 2022		–	**477.1**	**148.7**	**11.9**	**–**	**637.7**
Net profit		–	–	51.4	–	–	51.4
OCI for the period	31.3	–	–	–	(22.7)	–	(22.7)
Reserve of disposal group held for sale	15	–	–	–	2.9	(2.9)	–
Total comprehensive income		–	–	**51.4**	**(19.8)**	**(2.9)**	**28.7**
Increase	31	–	–	–	–	–	–
Dividends	31.2	–	–	(24.3)	–	–	(24.3)
At 31 December 2023		–	**477.1**	**175.8**	**(7.9)**	**(2.9)**	**642.1**

Consolidated statement of cash flows

for the period ended 31 December

€m	Note	2023	2022 (Restated)
Operating activities			
Profit before tax from continuing operations		40.1	68.6
Profit/(loss) before tax from discontinued operations		31.2	34.4
Adjustments to reconcile profit before tax to net cash flows	a	379.9	347.3
Working capital movements	b	(47.8)	(7.3)
Net fleet investments	c	(471.9)	(416.9)
Net interest and tax	d	(86.0)	(69.1)
Cash flow from/(used in) operating activities of discontinued operations		(35.7)	(14.2)
Net cash flows from/(used in) operating activities		**(190.2)**	**(57.2)**
Investing activities			
Business combinations (net of cash acquired)	7	(82.9)	(101.3)
Financial assets	21	(5.0)	—
Proceeds from PP&E disposal		0.1	0.2
PP&E purchases		(22.8)	(11.5)
Intangible assets purchases		(5.8)	(4.3)
Cash flow from/(used in) investing activities of discontinued operations		(2.1)	(0.5)
Net cash flows from/(used in) investing activities		**(118.5)**	**(117.4)**
Net cash flows after investing activities		**(308.7)**	**(174.6)**
Financing activities			
Borrowing drawdowns		522.2	371.3
Payment of principal portion of lease liabilities		(37.8)	(37.6)
Borrowing repayments		(138.7)	(174.5)
Share premium increase		—	45.0
Dividends paid	31.2	(24.3)	(24.4)
Cash flow from/(used in) financing activities of discontinued operations		(7.0)	(7.1)
Net cash flows from/(used in) financing activities		**314.4**	**172.7**
Net cash flows after investing and financing activities		**5.7**	**(1.9)**
Cash and equivalents at 1 January		13.7	15.6
Net increase/(decrease) in cash and equivalents		5.7	(1.9)
Net foreign exchange difference		(0.3)	—
Cash and equivalents at 31 December	15 & 25	**19.1**	**13.7**

Additional information on the consolidated statement of cash flows

for the period ended 31 December

a) Adjustments to reconcile profit before tax to net cash flows

€m	Note	2023	2022 (Restated)
Gain on disposal of fleet		(31.3)	(20.6)
Gain on disposal of PP&E	10	(0.1)	(0.1)
(Gain)/loss on disposals		**(31.4)**	**(20.7)**
Depreciation of fleet	18	288.4	277.6
Depreciation of PP&E	19	26.4	22.6
Amortisation of intangible assets	20	6.7	7.5
Depreciation/amortisation		**321.5**	**307.7**
Finance income	14	(3.0)	(5.0)
Finance cost	14	88.6	60.3
Finance items		**85.6**	**55.3**
Other non-sale disposals related to fleet	18	4.0	4.2
Movement in provisions		0.7	0.8
Lease modifications		—	1.3
Accrued income on derivatives		(0.5)	(1.3)
Other non-cash adjustments		**4.2**	**5.0**
Total		**379.9**	**347.3**

b) Working capital movement

€m	2023	2022 (Restated)
(Increase)/decrease of inventories	0.8	(14.4)
(Increase)/decrease of trade receivables	(22.3)	(2.0)
Increase/(decrease) of trade payables	(26.3)	9.1
Total	**(47.8)**	**(7.3)**

c) Net fleet investments

€m	Note	2023	2022 (Restated)
Proceeds from fleet sales		107.6	72.9
Fleet purchases		(567.0)	(483.7)
Fleet customisation expenditures paid	18	(12.5)	(6.1)
Net fleet investments		**(471.9)**	**(416.9)**

d) Net Interest and tax

€m	Note	2023	2022 (Restated)
Interest received	21	2.3	1.2
Interest paid		(94.1)	(43.2)
Interest rate swaps realised loss	14	20.7	1.3
Debt issuance fee		(7.0)	(7.7)
Income tax paid		(7.9)	(20.7)
Net interest and tax		**(86.0)**	**(69.1)**

General notes

to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Global TIP Holdings Two B.V. (hereafter referred to as "Company" or "Parent") and its subsidiaries (hereafter collectively referred to as the "Group") for the twelve months ended 31 December 2023, were authorised for issue in accordance with resolution of the Board of Directors of the Company dated 12 March 2024. Information on the Group shareholding structure is provided in note 32.

The Company is a "besloten vennootschap" (B.V.) incorporated in the Netherlands under Dutch law and domiciled in Amsterdam. Its registered office is located at "Alpha Tower", De Entrée 33, 1101 BH, Amsterdam, the Netherlands.

The immediate parent of the Company at 31 December 2023 is Cube Transportation Europe Coöperatief U.A., a cooperative with excluded liability (coöperatie met uitgesloten aansprakelijkheid) under Dutch law. Its registered office is located at "Alpha Tower", De Entrée 33, 1101 BH, Amsterdam, the Netherlands and its Dutch Trade Register number is 71576614. The ultimate parent of the Company is ISQ Holdings, LLC, which is a limited liability company incorporated in the Cayman Islands with registration number 2464 with its registered address at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. ISQ Holdings, LLC is the managing member of I Squared Capital, LLC, which on its turn is the general partner of ISQ Global Fund II GP, LLC. ISQ Global Fund II GP, LLC is the general partner who exercises the exclusive management and control decisions on behalf of ISQ Global Infrastructure Fund II L.P. ISQ Global Fund II GP, LLC is a limited liability company incorporated and registered in Delaware, USA (reg: 6370470). Its registered address is at Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, USA.

There is no natural person who ultimately is entitled to or controls (in each case whether directly or indirectly) more than a 25% share of the capital, profits, or voting rights of ISQ Global Fund II GP, LLC and the Company other than Mr. Sadek Wahba, Mr. Gautam Bhandari and Mr. Adil Rahmathulla who indirectly control more than 25% of the Company via their indirect interest of more than 25% in ISQ Global Fund II GP, LLC. As of the date of this report, there are no investors holding 10% or more of the economic interests in the entire ISQ Global Infrstructure Funds II structure, of which ISQ Global Fund II GP is the general partner.

I Squared Capital Advisors (US) LLC ("ISQ") is an independent global infrastructure investment manager who provides investment advice to Fund II, its investors, and portfolio companies.

The firm targets high-quality, resilient assets in the digital infrastructure, energy, utilities, transport, and social infrastructure sectors.

ISQ is an investment adviser registered with the U.S. Securities and Exchange Commission (with SEC# 801-78269) which is headquartered in Miami, employing over 215 professionals managing 40+ platform companies across 50+ countries from its local offices in London, Hong Kong, Singapore, New Delhi, Sydney, and Taipei. The firm has over $36 billion of assets under management, including committed capital from some of the world's largest pension funds, sovereign wealth funds, asset managers, banks, and insurance companies from North America, Europe, Middle East, Asia, and Australia.

The principal activity of the Group is to provide leasing/rental, maintenance and repair and other value added solutions to the transportation and logistics industry.

2. Basis of preparation

a) Going concern

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as going concern in the foreseeable future.

b) Functional and presentation currency

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which each company operates (the functional currency). The consolidated financial statements of the Group are presented in euros (€) which is the functional and presentation currency of the Parent. All values in the financial statements are rounded to the nearest hundred thousand €, except where otherwise indicated.

c) Principal accounting convention

The consolidated financial statements have been prepared under the historic cost convention as modified by the measurement at fair value of assets and liabilities acquired through business combinations and derivatives.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at 31 December 2023 and for the twelve-month period then ended. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Special purpose vehicle (SPV)

An SPV is a company created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of a special purpose company are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitised leased assets. The Group uses a legal entity, which was incorporated specifically for the Group's securitisation transactions and is effectively controlled by the Group. This company is therefore regarded as a subsidiary and included in the consolidated financial statements of the Group.

Specifically, the Group controls a SPV if, and only if, the Group has:

- Power over the SPV (i.e. existing rights that give it the current ability to direct the relevant activities of the SPV)
- Exposure, or rights, to variable returns from its involvement with the SPV
- The ability to use its power over the SPV to affect returns
- The Group refers to the borrowings in the SPV as asset backed securitisation debt (ABS).

e) Comparatives

The consolidated financial statements provide comparative information in respect of the previous period. Comparative figures of the consolidated profit and loss and the consolidated statement of cash flows have been restated to report the discontinuing operation separately from continuing operation.

f) Statement of cash flows

The statement of cash flows has been drawn up in accordance with the indirect method, classifying cash flow as cash flows from operating, investing and financing activities. Changes in balance sheet items that have not resulted in cash flow have been eliminated for the purpose of preparing this statement.

g) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it fulfils one or more of the following conditions:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it fulfills one or more of the following conditions:

- Expected to be settled in a normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period even if the original term was for a period longer than twelve months
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

h) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the IASB and as adopted by European Union and part 9 of Book II of the Netherlands Civil Code.

The financial data of the Company is included in these consolidated financial statements.

3. Material accounting policy information

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, except for those combinations under common control, which are accounted for by applying predecessor accounting (“pooling of interest”).

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date including any contingent consideration payable or receivable. Acquisition-related costs are expensed as incurred and included in the expense category consistent with the nature of the expense.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any amendments to fair values within the twelve-month timeframe from the date of acquisition will be reflected in the next year’s Annual Report as stipulated by IFRS 3.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is the principal in its revenue arrangements since it is the primary obligor in the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

In addition to the criteria above, the following revenue recognition criteria apply:

I) Leasing: consists of revenue from operating leases with a contractual duration of one year or more. Revenue from operating leases also includes an element related to maintenance and repair (M&R).

Operating lease revenue is accounted for on a straight-line basis over the lease term.

Leasing includes fees for cancellation of lease contracts and excess mileage. Cancellations of lease contracts are recognised at the point that the customers terminate the lease. Excess mileage is recognised once the trailer mileage is ascertained which is typically during maintenance events or at the end of the lease.

The revenue from the M&R component of the leasing contracts is recognised by reference to the cost incurred compared to the expected cost over the lifetime of the contracts. The expected M&R cost is projected based on historical M&R data per asset type, age, country and contract type.

II) Rental: consists of revenue from operating leases with a contractual duration of less than one year. Revenue from rental includes an element related to maintenance and repair. Rental revenue is accounted for on a straight-line basis over the rental term.

Rental includes fees for cancellation of rental contracts and excess mileage. Cancellations of rental contracts are recognised at the point that the customer terminates the rental. Excess mileage is recognised once the trailer mileage is ascertained which is typically during maintenance events or at the end of the rental period.

III) Damage protection: it is standard business practice for the supplier to recharge to the customer any damage to assets which occurred while the assets were in the customer's care. However, in cases where the customer buys a damage protection waiver product on top of the lease or rental, the supplier waives such recharges. This revenue is recognised on a straight-line basis over the duration of the relevant lease or rental agreement.

IV) Maintenance and repair (M&R) 3rd party: consists of revenue generated from the performance of trailer M&R services for 3rd parties. Such services are typically performed over an indeterminate number of events within a specified period of time. M&R contracted 3rd party revenue is recognised by reference to the cost incurred compared to the expected cost over the lifetime of the contracts. The expected M&R cost is projected based on historical M&R data per asset type, age, country and contract type.

Revenue from non-contracted M&R services is recognised once the relevant service is completed.

V) Other: includes transaction fees which represent commission income earned from 3rd parties for sourcing equipment, equipment funding and related services. Transaction fees are recognised once the relevant transaction is completed. Other also includes buy to sell revenue where the Group purchases assets to resell, advertising and management fees charged to affiliate companies.

Deferred revenue relates to amounts billed in advance.

VI) Lease determination: the determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

c) Cost of sales

The following cost recognition criteria apply:

I) Maintenance and repair (M&R) own fleet: consists of costs incurred in maintaining and repairing the Group's own fleet. These costs are recognised as M&R work is performed. Accruals are recognised for costs which have been incurred but not invoiced. M&R rebills, directly charged to the customers, are included in leasing and rental revenue.

II) Damage protection: consists of repair and damage costs incurred for trailers which are subject to damage protection contracts. Costs incurred are recognised as repair work is performed. Accruals are recognised for costs which have been incurred but not invoiced.

III) Maintenance and repair (M&R) 3rd party: consists of costs incurred in providing M&R 3rd party services. Costs incurred are recognised as M&R work is performed. Accruals are recognised for costs which have been incurred but not invoiced.

IV) Other: principally consists of buy to sell costs where the Group purchases assets to resell.

V) Expected credit losses: consists of credit loss allowance related to trade receivables.

VI) Lease in: represent costs incurred from leases (less than 12 months).

VII) Fleet customisation: costs specific for the customer's needs. These costs are capitalised and depreciated over the lease term. If a contract is terminated early then the related costs are expensed to the statement of profit or loss.

VIII) Depreciation of fleet: the equipment is depreciated to holding periods and residual values determined by the Group's Asset Management team (AMT). For details see note 3i.

d) Administrative and other operating expenses

The following cost recognition criteria apply:

- By their nature, operating expenses cannot be associated with the specific revenue items. Expenses are recognised immediately in the profit or loss when expenditure produces no future economic benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Expenditure is recognised when the related goods or services have been received. Accruals are recognised for all such costs which have been incurred but not invoiced.
- The Group operates a policy of charging employee benefit costs to cost of sales for workshop time spent on M&R own fleet and 3rd party equipment, customer service and checking trailers in and out. Employee benefit costs are recognised when the employee has rendered the service in exchange for those benefits.
- The Group also charges employee benefit costs for time spent on internally developed software to software capitalised/work in progress. Refer to m) Intangible assets for further details.

The Group operates a policy of charging rental expense to cost of sales in relation to workshop rental expense (less than 12 months).

e) Foreign currency translation

Transactions and balances

The Group companies initially record transactions in foreign currencies in their respective transaction currency. They are then converted to the subsidiaries functional currency at the monthly exchange rate, determined as the spot rate at the beginning of the month.

Monetary assets and liabilities denominated in foreign currencies are retranslated at each month end to the functional currency at the exchange rate then prevailing. All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group companies

The assets and liabilities of foreign operations are translated into € at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. All exchange differences are recorded in a foreign currency translation reserve in the consolidated statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the monthly exchange rate applicable at the acquisition date.

f) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal group as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A part of the TIP Group, whose operations and cash flows can be clearly distinguished operationally and for financial reporting purposes from the other operating businesses, is classified as a discontinued operation if the component either has been disposed of or is classified as held for sale, and:
- represents a separate major line of business or geographic area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the net income/loss from continuing operations and are presented as a single amount as gain/loss from discontinued operations, net of tax in the consolidated statement of profit or loss. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of cash flows are restated and presented as if the operation had been classified as such from the start of the comparative year. Additional disclosures are provided in Note 15. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

g) Taxation

Taxation for the period comprises current and deferred tax. Taxation is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The effective tax rate is subject to change as a consequence of incentive tax credits, business expenses which are not deductible for taxation, non-taxable income and irrecoverable withholding taxes which cannot be offset against other taxes due.

Current tax

Current tax is the expected taxation payable or receivable on the taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable or receivable in respect of prior years. Current tax assets and current tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts.

Deferred tax

Deferred tax is recognised using the liability method, providing for taxable temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for tax purposes and is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are determined based on business plans. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when the deferred taxes relate to the same fiscal authority.

h) Exceptional items

Exceptional items are disclosed separately in the consolidated financial statements where it is necessary to provide a further understanding of the financial performance of the Group. They are items of revenue or expense which because of their size, nature or expected infrequency merit separate presentation in the consolidated statement of profit or loss. The following items are considered exceptional if and when they occur:

- Costs of significant restructuring;
- External costs related to Business Transformation that cannot be capitalised;
- External costs incurred associated with the acquisition and integration of newly acquired businesses;
- Profits and losses on disposal, closure, exit or subsidiaries, joint ventures, associates and investments which do not form part of TIP's ongoing business activities;
- Significant provisions for onerous contracts;
- Significant one-off legal provisions and settlements;
- Significant impairments of goodwill, property plant and equipment and fleet.

i) Fleet

Fleet acquired is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the expense of replacing components of the fleet if the relevant recognition criteria are met. When significant components of the fleet are required to be replaced, the Group capitalizes such parts on existing assets and depreciates them accordingly. All other M&R costs are recognised in the profit or loss as incurred.

The following depreciation policies apply: The equipment is depreciated to holding periods and residual values determined by the Group's AMT using internal and external data. Residual values and useful lives are reviewed periodically and adjusted prospectively, if necessary. When equipment reaches the end of the holding period, the Group will decide if the equipment should be placed on a new lease or rental term on a straight-line basis to a revised residual value. At the end of each extended holding period the Group will once again assess whether the equipment should be further leased out or sold.

For the European market the initial holding period for new equipment ranges from 4 to 9 years, depending on the equipment type. Estimated residual values for the initial holding period for trailers range from 31% to 51% of the cost, depending on the equipment type. For trucks the estimated residual values are between 8% and 53% of the cost.

For the Canadian market the initial holding period for new equipment ranges from 10 to 15 years. Estimated residual values for the initial holding period range from 10% to 15% of the cost, depending on the equipment type.

j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities which represent the payment to be made for the lease obligation and right-of-use assets representing the right to use the underlying assets.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group elected to apply this policy to leases of Land and Buildings. For other asset classes, the Group separates the leasing and non-leasing components based on stand-alone prices in the event that such prices are specified in the contracts.

The Group elected not to apply IFRS 16 standard to the leases of software as a service.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

- Fleet 3 to 9 years
- Land and buildings 2 to 25 years
- Motor vehicles 2 to 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Reference is made to the accounting policy on Impairments.

Lease liabilities

Included in borrowings is the Group’s funding lease book (FLB), measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date in the event that the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group elected to apply the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office and IT equipment that are considered to be low value (below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed financial plans, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These detailed plans generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year or another appropriate valuation technique is applied.

Impairment losses, including impairment on inventories, are recognised in the profit or loss in expense categories consistent with the nature of the impaired asset.

For assets excluding goodwill and brand name, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the profit or loss.

The following assets have specific characteristics for impairment testing:

Fleet

The Group assesses annually whether there is an indication that an asset group may be impaired. The AMT determines asset groupings. If any indication exists, or when annual impairment testing for an asset group is required, the Group estimates the asset group's recoverable amount. An asset group's recoverable amount is the higher of an asset group's fair value less costs of disposal and its value in use and is determined for an asset group. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on projected fleet cash flows as follows:
- Direct cash flows (revenue and direct M&R cost) are determined based on the Group's most recent financial plans and applied over the remaining holding period of the asset group.
- Cash inflows arising from the disposal of the asset at the end of its holding period are based on estimated residual values.

Impairment losses are recognised in the profit or loss. In determining fair value less costs of disposal, recent market transactions are taken into account.

l) Property, plant and equipment (PP&E)

PP&E is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of PP&E are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is charged through the profit or loss. PP&E is depreciated over its estimated useful life to an estimated residual value on a straight-line basis on the following parameters:

Categories	Useful life (years)
Land	Indefinite
Buildings and structures	Up to 50
Leasehold improvements	Over the expected lease term
Other fixed assets	3 to 5

Residual values and useful lives are reviewed periodically and adjusted prospectively if necessary.

The Group sells PP&E, which has either reached the end of its useful life or when the Group exits a location, to 3rd parties in the ordinary course of business. Revenue is recognised when the control of the asset has been transferred to the buyer, which usually coincides with the receipt of cash. Book value of the assets sold and any costs directly associated with the sale are recorded at the same time. Sales invoices are typically issued to coincide with cash receipts. Therefore at the end of each accounting period, there are no trade receivables relating to PP&E sales on the balance sheet.

m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets are capitalised if they meet the recognition criteria of IAS 38.

The useful lives of intangible assets are assessed as either definite or indefinite.

Intangible assets with definite lives are amortised to a residual value of zero over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with definite lives is recognised in the profit or loss in the expense category consistent with the nature of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU defined level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Capitalised software development costs

Capitalised software relates to purchased software from 3rd parties and internally developed software for use by the Group. Costs of research activities undertaken to gain new technical knowledge and understanding are recognised in the profit or loss as incurred. Costs to develop software are recognised as an asset when the Group can demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and accumulated impairment, if any.

Subsequent costs on software assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are amortised as follows:

Categories	Useful life (years)	Amortisation Method used	Internally Generated or acquired
Goodwill	Indefinite	Not applicable	Acquired
Brand name	Indefinite	Not applicable	Acquired
Customer lists	4-17	Straight line	Acquired
Software	3-7	Straight line	Acquired/Internal

n) Inventories

Fleet/Buy to sell

Fleet held with the intention to sell within one year are carried at the lower of cost or net realisable value. The cost of inventories if it is related to owned units is the current net book value of fleet transferred to inventories and is determined for each item individually while for units acquired with the intention to be sold, the cost of inventory is the purchase price. The net realisable value is periodically reassessed for all units that have been held for sale for six months or more and adjusted if necessary.

Sales of inventories are recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually upon payment. Book value of the units sold and any costs directly associated with the sale are recorded at the same time. The revenue and the related book value are recognised as revenue from the disposal of fleet and cost of disposed fleet respectively in the profit or loss. Sales invoices are typically issued to coincide with receipt of payment. Therefore at the end of each accounting period, there are no trade receivables relating to fleet sales on the balance sheet.

Parts

Parts are stated at the lower of cost and net realisable value. The costs of individual parts are determined using weighted average costs. Costs of parts are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Parts are stated net of any provision for obsolete or slow moving items.

o) Cash and equivalents

Cash and short-term deposits on the balance sheet comprise of cash at banks, restricted cash at banks and on hand and short-term deposits with a maturity of three months or less. Cash is recognised and subsequently measured at amortised cost.

Cash restricted for specific purposes in escrow accounts, if material, is included in other financial assets on the balance sheet.

For the purpose of the consolidated statement of cash flows, cash and equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

p) Financial instruments

I) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through the profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

This category generally applies to loans receivable, trade and other receivables and cash restricted in escrow accounts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised i.e. removed from the Group's balance sheet, when either:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a 3rd party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (including future expected credit losses). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the expected credit loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

II) Borrowings and trade payables

Initial recognition and measurement

Borrowings and trade payables are recognised at fair value, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, the borrowings and trade payables are measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as a finance cost in the profit or loss.

Derecognition

Borrowings and trade payables are derecognised when the obligation under the liability is discharged, cancelled, or expired. When an existing borrowing or trade payable is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

III) Derivatives

Initial recognition and subsequent measurement

The Group uses derivatives, principally interest rate swaps, to hedge its interest rate risks. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as derivative assets when the fair value is positive and as derivative liabilities when the fair value is negative.

For the purpose of hedge accounting, interest rate swaps are classified as cash flow hedges, which hedge the exposure to variability in cash flows that is attributable to an interest rate risk associated with borrowings.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the profit or loss when the hedged item is no longer effective.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship (between the interest rate swaps and borrowings) to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or loss on the cash flow hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as gain/(loss) from derivatives.
- Interest payments in respect of the cash flow hedging instruments are recognised in the profit or loss as finance income or finance cost as appropriate.

Derecognition

Amounts recognised in OCI are transferred to the profit or loss when the hedged transaction is no longer effective, such as when the hedged financial income or financial expense is recognised.

If the hedging instrument expires, is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI is charged to the profit or loss over the remaining term of the instrument, if any.

r) Fair value measurement

The Group measures derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

s) Provisions

Provisions are recognised when:

- The Group has a present obligation (legal or constructive) as a result of a past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and
- A reliable estimate can be made of the amount of the obligation

In addition to the criteria above, the following policies apply:

Restructuring provision
Restructuring provisions are recognised when:

- there is a detailed formal plan that identified the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- the employees affected have been notified of the plan's main features.

t) Pension obligations

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Group is operating defined contribution plans in: the United Kingdom, Ireland, Italy, Spain, Denmark, Finland, Norway, Sweden, Belgium, the Netherlands and Canada. The yearly contribution is usually a percentage of pay and may be further dependent on one or more factors such as age and years of service. The contribution paid by the Group is charged to the profit or loss.

In France, Germany, Switzerland, Austria, Poland, Czech Republic and Romania the Group contributes to pensions through the state social security system. These contributions paid by the Group are charged to the profit or loss.

The Group has no significant defined benefit plans or related obligations.

u) Cash dividend and non-cash distribution to equity holders of the Parent

The Company recognises a liability to make cash or non-cash distributions to the equity holder of the Parent when the distribution is no longer at the discretion of the Company. As per the laws of the Netherlands, a distribution is duly authorised when the general meeting of shareholders of the Company approves it.

A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the profit or loss.

v) New standards, amendments and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects.

IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

w) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of fleet. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, the Group considered expectations for increased costs of emission and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

- Fair value measurement. For fleet, the Group considers the effect of physical and transition risks and whether customers would consider those risks in their valuation. The group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of fleet due to climate-related legislation and regulations as well as increasing demands for low-emission fleet.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, the Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Business combinations

The Executive Management Team applied the following key judgements in respect of the treatment of various acquisitions:

- Identification of a business combination: these acquisitions included assets under lease contracts and associated working capital (inputs), as well as the workforce and operations (processes) generating revenues (outputs) from these businesses; therefore these acquisitions of assets and operations are treated as business combinations rather than standalone asset purchases
- Identification of the acquirer: for each acquisition, an existing Group entity was identified as the acquirer, and it is treated as the acquirer which obtains control of the acquisition.

b) Lease classification

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each lease contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred. Various criteria are used to determine the lease classification of which the most important are:

- Whether the lease transfers ownership of the equipment to the customer by the end of the lease term
- Whether the customer has the option to purchase the equipment at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised (frequently called a 'bargain purchase' option)
- Whether the lease term is for the major part of the equipment's economic life even if the title is not transferred
- Whether at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased equipment
- Whether the leased equipment is of a specialised nature such that only the customer can use them without major modifications being made

Based on the above criteria, the Group's lease contracts are accounted for as operating leases.

c) SPV for ABS funding

Determining whether the Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances this determination will involve significant judgment, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgment may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Group or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

d) Taxation

The Group is subject to corporate tax in numerous jurisdictions. Estimates, when significant, are required in determining the Group provision for current and deferred tax positions. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the period in which such determination is made.

When the Group estimates the extent to which the deferred tax assets and liabilities should be recognised, the principal area of judgement is the business plan.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

e) Determining the lease term and the discounting rate

Judgements include considerations of inputs such as likelihood of extension or early termination options, included in the lease agreements, to be exercised. Changes in assumptions about these factors could affect the reported fair value of lease liabilities.

Identifying the appropriate rate to discount the lease payments may involve significant judgement.

Determining whether it is reasonably certain that an extension or termination option will be exercised for a lease contract may involve judgement.

f) Assets held for sale

On 15 December 2023, the Board of Directors announced its decision to discontinue the operations in North America, Canada and sell TIP Fleet Services Canada Ltd., a wholly owned subsidiary. Operations of TIP Fleet Services Canada Ltd. are classified as a disposal group held for sale. The Board of Directors considered the subsidiary to meet the held for sale criteria at that date for the following reasons:

- TIP Fleet Services Canada Ltd. is available for immediate sale and can be sold to the buyer in its current condition;
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage.

For more details on the discontinued operation, refer to Note 15.

Estimates and assumptions

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below:

a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the detailed financial plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate or other valuation technic used for extrapolation purposes.

b) Fair value measurement of derivatives

When the fair values of derivatives recorded on the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including DCF models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value derivatives.

c) Fair valuation of acquired net assets

Business combinations are accounted for using the acquisition method of accounting. In the course of initial consolidation, the identifiable assets, liabilities, and contingent liabilities of the acquiree are recognised at fair value.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

6. Capital management

The Group's objective is to maintain a balance sheet structure that is efficient in terms of providing long-term returns to shareholders and safeguards the Group's balance sheet through economic cycles. For the purpose of capital management, capital includes issued capital, share premium and all other financial reserves.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to its borrowings. Should a potential breach of any of the financial covenants occur, the Group aims to proactively take all reasonable steps to prevent or remedy the situation, always in open and close communication with the Group's banking partners and investors. The table below shows the financial covenants related to the Group's principal borrowings under its revolving credit facility (RCF):

Covenants	2023	2022
Interest cover	2.1x	3.2x
Solvency	17.4%	20.0%
Loan to value	91.0%	87.0%
Loan to value (GRCF)	83.0%	—%

The interest cover and solvency covenants also apply to the Group's ABS facilities. There have been no breaches in the financial covenants of any borrowings in the current and comparative periods. Ratios are calculated including discontinued operations.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of its financial covenants. To maintain or adjust the capital structure, the Group may issue new shares and monitors capital using a gearing ratio, which is net borrowings divided by total equity plus net borrowings.

€m	Note	2023	2022
Gross borrowings after foreign exchange	26	2,143.3	1,770.1
Less: cash and equivalents	25	(17.7)	(13.7)
Net borrowings		**2,125.6**	**1,756.4**
Equity		642.1	637.7
Capital and net borrowings		**2,767.7**	**2,394.1**
Gearing ratio		**77%**	**73%**

7. Business combinations

EURO-Leasing A/S and Mezger businesses acquisitions

During 2023, TIP Trailer Services Denmark APS acquired the trailer leasing and rental business of EURO-Leasing A/S, located in Padborg, Denmark via an asset deal. The acquisition was carried out in two stages. The acquisition of the trailers portfolio was completed on 31 January 2023 and the acquisition of the trucks portfolio on 3 July 2023. For IFRS purposes, both deals are regarded as one business combination.

On 28 August 2023, TIP Trailer Services Germany GmbH acquired a leasing and rental business from the Mezger family, as well as a workshop located in Möckmühl, Germany. The acquisition involved two share deals, transferring 100% of the voting equity interests to TIP and one asset deal. The Mezger businesses have been merged into TIP Trailer Services Germany GmbH in the course of 2023.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the EURO-leasing and Mezger businesses as at the date of acquisition were:

€m	EURO-Leasing	Mezger
Fleet	55.9	23.4
PP&E	–	2.7
Right of use assets	–	2.5
Intangible assets	–	1.5
Deferred tax assets	–	0.7
Inventories	–	0.6
Trade and other receivables	–	0.8
Cash and equivalents	–	0.3
Assets	**55.9**	**32.5**
Borrowings	–	4.3
Deferred tax liabilities	0.2	1.5
Trade and other payables	0.1	0.3
Provision	–	0.4
Liabilities	**0.3**	**6.5**
Total identifiable net assets acquired	**55.6**	**26.0**
Goodwill	–	0.2
Bargain purchase gain	(0.7)	–
Total consideration	**54.9**	**26.2**

The net assets of Mezger are based on a provisional assessment of their fair value. The final fair values of the assets acquired and liabilities assumed will be completed in the course of 2024.

Fleet

In line with the fair value requirements in IFRS 3 the fair value of the fleet has been determined using an income approach, converting the asset values and the future amounts derived from the associated lease contracts to a single present value. A team of internal experts determined that at the date of acquisition the fair value of fleet for EURO-leasing and Mezger amounted to €79.3m

Deferred tax

The deferred tax assets and liabilities mainly relate to the tax effect of accelerated depreciation for tax purposes of tangible and intangible assets as well as the Right of Use assets acquired and corresponding lease liabilities, which are not recognized for tax purposes.

Acquired lease-in assets

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

Goodwill

The principal factor contributing to the recognition of the goodwill on business combinations is the realisation of cost savings, other synergies and ability to redeploy assets within existing entities in the Group and which do not qualify for separate recognition as intangible assets. The goodwill is expected not to be deductible for tax purposes.

Bargain Purchase gain

The bargain purchase gain of €0.7m for EURO-leasing is mainly the result of the IFRS 3 requirement to allocate a portion of the purchase price to intangible assets, such as a customer list. The bargain purchase gain has been recognized as finance income in the Consolidated Statement of Profit or Loss.

Other acquisitions

During 2023, the Group also acquired the following businesses: Rudolf Sedlmeier GmbH, Släp & Kaross i Dalarna AB, Last og Tank AS and Savon Rekkahuolto Oy, Botlek Trailer Services B.V.,Transportkylservice I Helsingborg AB, C.E.M. Scotland Limited. Given the size of the deals, these business are not considered sufficiently material to warrant separate disclosure and are aggregated in the table below.

€m	2023	2022
Fleet	0.1	108.8
PP&E	2.7	0.2
Right of use assets	13.2	5.2
Intangible assets	7.5	8.0
Deferred tax assets	3.8	0.3
Inventories	2.5	1.3
Trade and other receivables	2.5	1.4
Cash and equivalents	2.3	0.9
Assets	**34.6**	**126.1**
Borrowings/Lease liabilities	14.3	14.3
Deferred tax liabilities	4.0	5.4
Trade and other payables	2.8	5.2
Current tax liabilities	–	0.1
Provision	0.2	2.5
Liabilities	**21.3**	**27.5**
Total identifiable net assets acquired	**13.3**	**98.6**
Goodwill	0.2	8.0
Total consideration	**13.5**	**106.6**

2022 column contains all acquisitions made during the year.

The net assets are based on a provisional assessment of their fair value. The final fair values of the assets acquired and liabilities assumed will be completed in the course of 2024.

Summary of all business combinations

Net cash flow used in business combinations	2023	2022
Cash consideration	94.4	106.6
Less: net cash acquired	(2.6)	(0.9)
Less: deferred consideration	(8.9)	(4.4)
Total	**82.9**	**101.3**

Revenue and operating profit or loss related to business combinations

The amount of revenue and operating profit of the acquirees, since the date of obtaining control, included in the Group's profit or loss were as follows:

€m	2023	2022
Revenue	33.2	33.6
Operating profit	3.4	0.3

Transaction costs of €0.9m were expensed and are included exceptional administrative items.

Specific notes

8. Revenue

€m	2023	2022 (Restated)
Leasing	613.2	550.1
Rental	131.2	156.5
Damage protection	37.5	37.6
Leasing and rental	**781.9**	**744.2**
M&R 3rd party	177.4	141.1
Fleet sales	107.6	72.9
Other	31.2	18.9
Total	**1,098.1**	**977.1**

Included in leasing and rental is revenue attributable to maintaining the equipment as follows:

€m	2023	2022
Embedded maintenance revenue	297.3	326.6

* *Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

9. Cost of sales

€m	Note	2023	2022 (Restated)
M&R own fleet		272.1	243.0
Damage protection		20.0	18.4
Leasing and rental variable		**292.1**	**261.4**
M&R 3rd party		137.3	105.9
Fleet sales		76.3	52.3
Other		18.3	11.1
Variable		**524.0**	**430.7**
Expected credit losses		2.1	3.2
Total variable		**526.1**	**433.9**
Depreciation of fleet	18	288.4	277.6
Lease in - low value assets		1.6	0.5
Total fixed		**290.0**	**278.1**
Total		**816.1**	**712.0**

* *Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

10. Administrative, other operating expenses and amortisation of intangible assets

€m	Note	2023	2022 (Restated)
Employee benefits expense	11	**68.0**	**60.3**
Outside service fees	12	29.2	28.3
Travel and living		8.2	6.5
Other facilities		9.1	7.5
Office expenses		3.3	3.1
Sales promotion		2.5	1.7
Other expenses		1.3	0.1
Other operating expenses		**53.6**	**47.2**
Depreciation of PP&E	19	26.4	22.6
(Gain)/loss on disposal of PP&E		(0.1)	(0.1)
Total excluding exceptional		**147.9**	**130.0**
Exceptional items	17	1.7	3.7
Total		**149.6**	**133.7**
Amortisation of intangible assets	20	**6.7**	**7.5**

** Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

11. Employee benefits expense

€m	Note	2023	2022 (Restated)
Wages and salaries		140.0	117.7
Social security		23.3	20.9
Pension		8.7	7.4
Other		1.7	2.3
Compensation and benefits		**173.7**	**148.3**
Included in contribution/cost of sales		**(105.7)**	**(87.8)**
Included in software (capitalised/work in progress)		**–**	**(0.2)**
Employee benefits expense	10	**68.0**	**60.3**
Wages and salaries		53.6	46.3
Social security		9.3	9.0
Pension		4.2	3.6
Other		0.9	1.4
Total	10	**68.0**	**60.3**
Average head count discontinued operations		**478**	**453**
Average head count continued operations		**2,759**	**2,416**
Average headcount[1]		**3,237**	**2,869**

The employee benefits expense of €105.7m (2022: €87.8m) included in cost of sales contain €86.5m (2022: €71.3m) of wages and salaries, €14.0m (2022: €12.0m) of social security, €4.5m (2022: €3.8m) of pension and €0.7m (2022: €0.7m) of other salary related expenses.

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[1] The headcount is a monthly average throughout the period.

** Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

12. Outside service fees

€m	Note	2023	2022 (Restated)
IT services		15.9	14.1
Legal		1.6	2.8
Audit and accounting advisory fees	13	0.8	1.8
HR services		2.6	2.5
Temporary staff		0.5	0.7
Business process outsourcing		1.6	1.2
Consultancy		4.9	2.6
Banking services		0.6	0.8
Other		0.7	1.8
Total	10	29.2	28.3

** Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

13. Audit and accounting advisory fees

€m	Note	2023	2022
Fees to Group audit firm for audit of consolidated financial statements		0.3	0.3
Fees to audit firms for audit of subsidiaries pursuant to local legislation		0.7	0.6
Audit fees[1]		**1.0**	**0.9**
Tax services		0.1	0.2
Non-audit fees Group auditor[1]		**0.1**	**0.2**
Other services		(0.3)	0.7
Fees paid to other accounting/audit firms		**(0.3)**	**0.7**
Total	12	0.8	1.8

[1] Audit and other services were mainly provided by Ernst & Young Accountants LLP (EY). Tax services were provided by other entities of the EY group. Non-audit services provided by the Group auditor are within the permitted services allowed under ViO independence guidance. Figures contain fees for both continuing and discontinued operations.

14. Finance result

€m	2023	2022 (Restated)
Interest income	**2.7**	**1.2**
Interest expense	(96.4)	(50.4)
Commitment fees	(1.9)	(2.0)
Amortisation of deferred fees	(10.4)	(7.9)
Funding related finance cost	**(108.7)**	**(60.3)**
Foreign exchange income/(loss)	(2.6)	0.7
Finance cost before derivatives	**(111.3)**	**(59.6)**
Interest rate swap realised income/(loss)	22.7	1.3
Interest rate swaps fair market value adjustment	(0.4)	1.8
Derivatives[2]	**22.3**	**3.1**
Exceptional items	0.7	–
Total	(85.6)	(55.3)

** Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

[2] The Group regularly enters into floating to fixed swaps to hedge interest rates on its RCF facility. The hedges qualify for hedge accounting, hence movements in fair market value have been reported in Derivatives (please refer to note 27 for further details).

Funding related costs occur on borrowings as set out in note 26. Interest expense includes €7.0m (2022: €7.2m) of interest expenses related to lease liabilities.

15. Discontinued operations

On the 15 December 2023, TIP Group had concrete plans to sell TIP Fleet Services Canada Ltd., a wholly owned subsidiary to Star Leasing in the USA. The sale of TIP Canada allows the Canadian business to further enhance its footstep and offerings in the North American market. The transaction is expected to be completed towards the end of the first quarter of 2024 via a share deal.

As a result of the above, TIP Fleet Services Canada Ltd. has been reported as a discontinued operation and has been classified as a disposal group held for sale since 15 December 2023. The prior year figures of the consolidated statement of profit or loss and the consolidated statement of cash flows have been restated in accordance with IFRS 5 to report discontinued operations separately from continuing operations.

The results of the Canadian discontinued operations are as follows, excluding intercompany transactions:

€m	2023	2022
Revenue	152.0	156.4
Cost of sales	(95.8)	(97.1)
Expected credit losses	(2.2)	(0.2)
Gross profit	**54.0**	**59.1**
Administrative and other operating expenses	(19.7)	(22.5)
Amortisation of intangible assets	(2.2)	(2.5)
Exceptional administrative items	(0.4)	(0.2)
Operating profit	**31.7**	**33.9**
Finance income	–	0.5
Finance cost	(0.5)	–
Profit before taxes from discontinued operations	**31.2**	**34.4**
Taxation	(6.1)	(6.9)
Net profit	**25.1**	**27.5**
Underlying operating profit	**34.3**	**36.6**

As of 15 December 2023, the disposal group was recognized at its carrying amount. The estimated fair value of the Canadian business, derived from the draft purchase price agreement, exceeds the carrying value of the disposal group, which includes a portion of the goodwill attributable to this geographical line of business.

The major classes of assets and liabilities excluding intercompany balances classified as held for sale as at 31 December 2023 are as follows:

€m	2023
Fleet	304.9
Property, plant and equipment	17.9
Intangible assets	80.3
Non-current assets	**403.1**
Inventories	6.0
Trade and other receivables	22.2
Current tax assets	3.0
Cash and equivalents	1.4
Current assets	**32.6**
Total assets	**435.7**
Trade and other payables	8.0
Current liabilities	**8.0**
Borrowings	16.8
Deferred tax liabilities	65.0
Non-current liabilities	**81.8**
Total liabilities	**89.8**
Net assets directly associated with the disposal group	**345.9**

Amounts included in accumulated OCI:

€m	2023
Foreign currency translation	2.9
Reserve of disposal group classified as held for sale	**2.9**

16. Taxation

16.1 Taxation for the period

The major components are as follows:

€m	Note	2023	2022 (Restated)
Current taxation for the period		18.2	26.4
Adjustment to prior periods		(2.7)	(0.1)
Current tax		**15.5**	**26.3**
Changes in tax rates	22.1	(0.1)	(1.5)
Origination and reversal of temporary differences, tax losses and tax credits	22.1	3.9	0.7
De-recognition/(recognition) of deferred tax assets	22.1	–	(0.1)
Benefit from previously unrecognized temporary differences, tax losses and tax credits	22.1	(3.2)	(3.1)
Adjustment to prior periods	22.1	3.8	(0.9)
Deferred tax		**4.4**	**(4.9)**
Taxation		**19.9**	**21.4**
Income tax expense reported in the statement of profit or loss		13.8	14.5
Income tax attributable to discontinued operation		6.1	6.9
Total Tax		**19.9**	**21.4**

* *Comparative figures are restated as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 15.*

As of 31 December 2023, TIP-group has unrecognized deferred tax assets for an amount of €22.7m (2022: €25.7m). The unrecognized deferred tax assets as of 31 December 2023 relate to Denmark, Finland, Norway, Spain, and France (2022: Austria, Denmark, Finland, Norway, Spain, France). Please refer to Note 22 for the details of unrecognized deferred tax assets.

Effective tax rate (ETR) reconciliation

The reconciliation between the statutory tax rate in the Netherlands and the ETR for the Group is as follows:

	Total	
2023	**€m**	**%**
Profit before tax from continuing operations	40.1	–
Profit/(loss) before tax from discontinued operations	31.2	–
Profit before tax	**71.3**	
Dutch statutory tax	(18.4)	25.8%
Effect of tax rates in foreign jurisdictions	(0.5)	0.7%
Average statutory tax rate	**(18.9)**	**26.5%**
Non-deductible expenses	(1.0)	1.4%
Effect of changes in tax rates	0.1	(0.1)%
De-recognition/(recognition) of deferred tax assets	–	–
Benefit from previously unrecognized temporary differences, tax losses and tax credits	3.1	(4.3)%
Withholding taxes	(2.1)	2.9%
Adjustment to prior periods	(1.1)	1.5%
Taxation and ETR	**(19.9)**	**27.9%**
Income tax expense reported in the statement of profit or loss	(13.8)	–
Income tax attributable to discontinued operation	(6.1)	–
Total Tax	**(19.9)**	

	Total	
2022	€m	%
Profit before taxes	**103.0**	–
Dutch statutory tax	(26.6)	25.8%
Effect of tax rates in foreign jurisdictions	0.5	(0.5)%
Average statutory tax rate	**(26.1)**	**25.3%**
Non-deductible expenses	(1.0)	1.0%
Change in tax rates	1.5	(1.5)%
Release of DTA provision	3.3	(3.2)%
Adjustment to prior periods	0.9	(0.9)%
Taxation and ETR	(21.4)	20.8%
Income tax expense reported in the statement of profit or loss	(14.5)	–
Income tax attributable to a discontinued operation	(6.9)	–
Total Tax	(21.4)	

The 2023 ETR increased with 7.1% to 27.9% (2022: 20.8%). This is mainly caused by the following events. The average statutory tax rate increased with 1.2% from 25.3% in 2022 to 26.5% in 2023, mainly resulting from profits being generated in jurisdictions with higher tax rates than the Dutch statutory rate. The 2023 impact of adjustments to prior periods relate to deferred tax provisions, which have been reassessed (1.5%) and to withholding tax receivables, which have been written off (2.9%).

Uncertain tax positions

Tax positions are, inherently to operating internationally and across borders, in certain cases uncertain. The Group is exposed to tax risks which could result in double taxation, additional tax payments, penalties and interest payments. The source of these risks could originate from local tax rules and regulations as well as international and EU regulatory frameworks. These include transfer pricing risks on internal cross-border deliveries of services, tax risks related to business restructuring, interest and potential changes in tax law that could result in higher tax expenses and payments.

Pillar II

Pillar Two legislation has been enacted or substantively enacted in the jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. In case the Pillar Two effective tax rate is below or close to the 15% our assessment proofs that at least one of the other transitional safe harbour tests is met.

16.2 Deferred tax recognised in OCI during the period

€m	Note	2023	2022
Cash flow hedge	22.1	5.6	(7.0)
Deferred tax effect charge in OCI		5.6	(7.0)

Generally, no capital gains or income tax is applied to foreign subsidiaries or investments of the Dutch holding company. Hence no deferred tax is provided on the foreign currency translation reserve.

17. Exceptional items

The exceptional items are as follows:

€m	Note	2023	2022 (Restated)
Restructuring costs		(0.5)	(1.2)
Other operational items	a	(1.2)	(2.5)
Administrative items	**10**	**(1.7)**	**(3.7)**
Total		**(1.7)**	**(3.7)**

Exceptional items are income and expenses arising from events or transactions which belong to the ordinary activities, but on the basis of the nature, the size or the incidental character are disclosed separately for the purpose of providing a good insight into the result from and development in the ordinary activities of the Group.

a) Other operational items

€m	2023	2022
Acquisition and Integration costs	(1.1)	(2.0)
Business transformation	(0.1)	(0.5)
Total	**(1.2)**	**(2.5)**

The acquisition and integration costs relate to the acquisition and integration of several newly acquired businesses in 2023 and 2022.Business transformation expenses concern non-capitalisable costs related to the implementation of new ERP software.

18. Fleet

€m	Note	Cost	Depreciation	Total
At 1 January 2022		**2,748.1**	**(964.6)**	**1,783.5**
Additions		552.1	–	552.1
Fleet customisation		6.1	–	6.1
Business combinations	7	108.8	–	108.8
Depreciation	9	–	(277.6)	(277.6)
Depreciation related to assets held for sale		–	(31.2)	(31.2)
Disposals		(97.5)	55.4	(42.1)
Non-sale disposals		(8.1)	3.9	(4.2)
Transferred to inventories	23	(52.8)	31.6	(21.2)
Foreign exchange movements		(55.4)	20.3	(35.1)
At 31 December 2022		**3,201.3**	**(1,162.2)**	**2,039.1**
Additions		631.9	–	631.9
Fleet customisation		12.3	–	12.3
Business combinations		79.4	–	79.4
Depreciation	9	–	(288.4)	(288.4)
Depreciation related to assets held for sale	15	–	(30.1)	(30.1)
Disposals		(114.0)	78.2	(35.8)
Non-sale disposals		(9.0)	5.0	(4.0)
Assets held for sale	15	(440.6)	135.7	(304.9)
Transferred to inventories	23	(166.4)	100.6	(65.8)
Foreign exchange movements		8.0	(3.5)	4.5
At 31 December 2023		**3,202.9**	**(1,164.7)**	**2,038.2**

The majority of the Group's fleet is pledged as collateral with respect to borrowings. Please refer to commitments and contingencies disclosed in note 34.

The Group annually reassesses the residual values of its fleet against market developments. In 2023, favourable market circumstances, which include an increased demand for trailers as a result of geo political circumstances impacting the global supply chain, triggered a significant upwards adjustment of the estimated future residual value for the fleet. This had a positive impact of €29.0m on 2023 depreciation expenses.

The impact of the 2023 depreciation savings on future year's profits is contingent upon the sale of the affected units before the end of the holding period and upon the remarketing proceeds foregone. Hence, the impact is not ascertainable.

18.1 Right of use fleet

Included in fleet are right of use assets:

€m	Cost	Depreciation	Total
At 1 January 2022	**181.3**	**(83.8)**	**97.5**
Additions	22.0	–	22.0
Business combinations	10.0	–	10.0
Depreciation	–	(23.1)	(23.1)
Non-sale disposals	(0.3)	0.1	(0.2)
Transferred to fleet	(9.8)	6.2	(3.6)
Foreign exchange movements	(5.4)	2.3	(3.1)
At 31 December 2022	**197.8**	**(98.3)**	**99.5**
Additions	2.9	–	2.9
Business combinations	–	–	–
Depreciation	–	(18.5)	(18.5)
Non-sale disposals	–	–	–
Transferred to fleet	(21.1)	14.9	(6.2)
Foreign exchange movements	2.0	(1.0)	1.0
At 31 December 2023	**181.6**	**(102.9)**	**78.7**

Fleet risks

The Group manages fleet risks in three main categories:

1. **Residual value risk:** is the risk of losses from a decline of the fair value of the equipment below its estimated residual value at the end of the lease contract.
The residual value committee is the body responsible for minimising the risk of these losses and approves the annual residual value review. The annual residual value review committee tests residual value by asset type based on historical performance, the current state of portfolio and market data.

2. **Impairment risk:** the Finance and Asset Management teams are responsible for the annual impairment test. The results of the test are reviewed by a management committee. The annual impairment test is performed in line with the policy described in the note 3j, and as a result, no impairment was required to be recognised for the period.

3. **Operational and concentration risk**: the Group purchases trailer types across the full spectrum of offerings to maintain an optimal fleet mix, and rigorous reviews of non-standard asset types are undertaken to support resale alternatives at the end of the trailer life cycle. The Asset Management team ensures optimal utilisation of the fleet through centrally co-ordinating the potential redeployment of assets across separate geographies within the Group's operating platform. The available fleet is reviewed monthly, and the Deputy Chief Executive Officer and the Chief Remarketing Officer decide on redeployment or exit strategies. In addition, the Operations team performs weekly/monthly physical stock take and a full asset stocktake is performed bi-annually.

19. Property, plant and equipment (PP&E)

Cost

€m	Note	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2022		**49.3**	**251.7**	**7.5**	**32.0**	**340.5**
Additions		–	20.5	0.7	4.4	25.6
Lease modifications/remeasurements		–	(1.3)	–	–	(1.3)
Business combinations		–	5.4	–	–	5.4
Disposals		–	(0.2)	–	(1.9)	(2.1)
Non-sale disposals		–	(2.8)	–	(0.1)	(2.9)
Foreign exchange movements		(0.6)	(2.2)	(0.1)	(0.3)	(3.2)
At 31 December 2022		**48.7**	**271.1**	**8.1**	**34.1**	**362.0**
Additions		–	44.0	1.0	7.7	52.7
Business combinations		–	21.1	–	–	21.1
Disposals		–	(2.7)	–	(0.8)	(3.5)
Non-sale disposals		–	(1.2)	–	–	(1.2)
Assets held for sale	15	–	(48.5)	(2.9)	(3.6)	(55.0)
Foreign exchange movements		0.1	0.2	–	0.1	0.4
At 31 December 2023		**48.8**	**284.0**	**6.2**	**37.5**	**376.5**

[1] *Other includes motor vehicles and IT equipment.*

Depreciation

€m	Note	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2022		**–**	**(109.2)**	**(4.9)**	**(22.4)**	**(136.5)**
Charge for the period	10	–	(17.3)	(0.5)	(4.8)	(22.6)
Depreciation related to assets held for sale		–	(8.5)	(0.3)	(0.2)	(9.0)
Disposals		–	0.2	–	1.9	2.1
Non-sale disposals		–	1.9	–	0.1	2.0
Foreign exchange movements		–	1.1	0.1	0.3	1.5
At 31 December 2022		**–**	**(131.8)**	**(5.6)**	**(25.1)**	**(162.5)**
Charge for the period	10	–	(21.5)	(0.3)	(4.6)	(26.4)
Depreciation related to assets held for sale	15	–	(7.7)	(0.4)	(0.5)	(8.6)
Disposals		–	2.5	–	0.5	3.0
Non-sale disposals		–	0.6	–	–	0.6
Assets held for sale	15	–	33.1	2.0	2.1	37.2
Foreign exchange movements		–	(0.1)	–	–	(0.1)
At 31 December 2023		**–**	**(124.9)**	**(4.3)**	**(27.6)**	**(156.8)**

Net book value at 31 December

€m	Land	Buildings and structures	Leasehold improvements	Other	Total
2022	48.7	139.3	2.5	9.0	199.5
2023	48.8	159.1	1.9	9.9	219.7

[1] *Other includes motor vehicles and IT equipment.*

19.1 Right of use PP&E

Included in PP&E are right of use assets:

Cost

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2022	**–**	**163.4**	**–**	**12.9**	**176.3**
Additions	–	11.5	–	2.6	14.1
Business combinations	–	5.2	–	–	5.2
Lease modifications/remeasurements	–	(1.3)	–	–	(1.3)
Non-sale disposals	–	(2.8)	–	(0.1)	(2.9)
Foreign exchange movements	–	(1.7)	–	(0.1)	(1.8)
31 December 2022	**–**	**174.3**	**–**	**15.3**	**189.6**
Additions	–	32.1	–	1.8	33.9
Business combinations	–	15.7	–	–	15.7
Lease modifications/remeasurements	–	–	–	–	–
Non-sale disposals	–	(1.0)	–	–	(1.0)
Assets held for sale	–	(47.6)	–	(0.6)	(48.2)
Foreign exchange movements	–	0.1	–	–	0.1
31 December 2023	**–**	**173.6**	**–**	**16.5**	**190.1**

[1] Other includes motor vehicles and IT equipment.

Depreciation

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2022	**–**	**(79.0)**	**–**	**(9.3)**	**(88.3)**
Charge for the period	–	(20.0)	–	(2.1)	(22.1)
Non-sale disposals	–	1.9	–	0.1	2.0
Foreign exchange movements	–	1.0	–	–	1.0
At 31 December 2022	**–**	**(96.1)**	**–**	**(11.3)**	**(107.4)**
Charge for the period	–	(22.7)	–	(2.1)	(24.8)
Non-sale disposals	–	0.6	–	–	0.6
Assets held for sale	–	32.6	–	0.4	33.0
Foreign exchange movements	–	0.1	–	–	0.1
At 31 December 2023	**–**	**(85.5)**	**–**	**(13.0)**	**(98.5)**

Net book value at 31 December

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
2022	–	78.2	–	4.0	82.2
2023	–	88.1	–	3.5	91.6

[1] *Other includes motor vehicles and IT equipment.*

The Group does not have sufficient data to allocate right of use assets between land and buildings and structures. Therefore, the whole amount has been included in buildings and structures.

20. Intangible assets

Cost

€m	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2022	**64.7**	**29.5**	**64.9**	**30.2**	**189.3**
Additions	–	–	–	4.3	4.3
Business combinations	8.0	–	8.0	–	16.0
Foreign exchange movements	(0.1)	–	0.2	–	0.1
At 31 December 2022	**72.6**	**29.5**	**73.1**	**34.5**	**209.7**
Additions	–	–	–	5.8	5.8
Business combinations	0.4	–	9.0	–	9.4
Assets held for sale	(51.6)	–	(38.6)	–	(90.2)
Foreign exchange movements	(0.6)	–	(0.1)	–	(0.7)
At 31 December 2023	**20.8**	**29.5**	**43.4**	**40.3**	**134.0**

Amortisation

€m	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2022	**–**	**–**	**(26.0)**	**(19.1)**	**(45.1)**
Charge for the period	–	–	(3.4)	(4.1)	(7.5)
Charge for the period related to assets held for sale	–	–	(2.5)	–	(2.5)
Foreign exchange movements	–	–	0.4	–	0.4
At 31 December 2022	**–**	**–**	**(31.5)**	**(23.2)**	**(54.7)**
Charge for the period	–	–	(3.2)	(3.5)	(6.7)
Charge for the period related to assets held for sale	–	–	(2.2)	–	(2.2)
Assets held for sale	–	–	10.0	–	10.0
Foreign exchange movements	–	–	–	–	–
At 31 December 2023	**–**	**–**	**(26.9)**	**(26.7)**	**(53.6)**

Net book value at 31 December

€m	Goodwill	Brand name	Customer lists	Software	Total
2022	72.6	29.5	41.6	11.3	155.0
2023	20.8	29.5	16.5	13.6	80.4

The TIP brand was acquired by the Company together with the acquisition of the Group from GE in 2013. The TIP brand has a long history and is well known in the market. The Group has no plans to change the current brand. Therefore, it is classified as an intangible asset with an indefinite useful life.

Impairment testing of goodwill

Methodology and results

Goodwill acquired through business combinations has been allocated to a goodwill CGU for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is higher than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of the CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount is based on a fair value computation. The cash flow forecasts employed for this computation are extracted from a five-year financial plan that has been formally approved by the Management. These cash flows are projected forward for an additional five years to determine the basis for a normalised terminal value calculation. Projected cash flows beyond the initial evaluation period have been extrapolated using a growth rate of 1.5% (2022: 1.9%). Such growth rate does not exceed the long term average growth rates for the countries in which the CGU operates. Costs of disposal were considered to be immaterial.

The approach is similar to the Group's acquisition modelling methodology.

The fair value represents the present value of the future cash flows, including the terminal value, discounted at a post-tax rate appropriate to the CGU. The discount rates used are in line with the Group's estimated weighted average cost of capital, arrived at using the Capital Asset Pricing Model.

The 2023 annual goodwill impairment testing process has resulted in no impairment (2022: nil).

The additional disclosures are as follows:

€m	2023	2022
Carrying amount	2,382.6	2,387.9
Discount rate applied to cash flow projections	5.9%	5.6%
Fair value	3,445.7	4,683.1
Headroom	1,063.1	2,295.2
Coverage	145%	196%

Key sources of estimation uncertainty

Key assumptions include management's estimates of future profitability, capital expenditure and working capital requirements. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. Expected future cash flows are inherently uncertain and are therefore liable to material change over time. The key assumptions employed in arriving at the estimates of future cash flows factored into impairment testing are subjective and include projected EBITDA margins, net cash flow, discount rates used and long term growth rates. Significant underperformance may give rise to a material write-down of goodwill which could have a substantial impact on the Group's profit and equity. Given the excess headroom, however, the likelihood of this happening is considered low.

Sensitivity analysis

Sensitivity analysis was performed by increasing the discount rate by 1 pp. and reducing the long-term growth rate by 1 pp., which resulted in an excess in the recoverable amount over its carrying amount under each approach. Management believes that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

The table below identifies the break-even levels for key assumptions to arrive at a zero excess of the present value of future cash flows over the book value of net assets in the CGU:

Assumption	Change by:	
EBITDA margin	Reduction	6.4%
Net cash flow	Reduction	32.0%
Discount rate	Increase	1.3%
Long term growth rate	Reduction	1.5%

Impairment testing of brand name

The Group estimated the fair value less costs to sell using a discounted cash flow model based the most recent budgets as approved by the EMT and the Board of Directors. These budgets generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

The assumptions used for the valuation of brand name are consistent with the assumptions used for the valuation of goodwill.

The calculated fair value amounts to €250.0m, which represents a coverage of 847% compared to the carrying amount of €29.5m.

21. Financial assets

€m	2023	2022
Loan receivables at amortised cost		
At 1 January	**50.0**	**50.0**
Additions	4.6	–
Repayment	–	–
31 December	**54.6**	**50.0**
Interest receivables		
At 1 January	**0.2**	**0.2**
Income	2.7	1.2
Received	(2.3)	(1.2)
At 31 December	**0.6**	**0.2**
Total	**55.2**	**50.2**
Current	0.6	0.2
Non-current	54.6	50.0

Financial assets relate to a loan granted to a related party (note 33).

22. Deferred tax

Deferred tax assets (DTA) and liabilities (DTL) at 31 December consist of:

€m	DTA 2023	DTL 2023	DTA 2022	DTL 2022
Fleet	20.9	(76.1)	22.0	(70.6)
Intangibles	0.7	(16.9)	1.2	(18.2)
PP&E	–	(5.9)	–	(5.1)
Trade and other receivables and payables	7.4	(6.4)	4.9	(1.3)
Borrowings	0.3	–	–	(6.4)
RoU Fleet	–	(3.6)	–	(5.1)
RoU PP&E	–	(27.8)	–	(21.3)
RoU Finance lease liability	33.4	–	28.5	–
Assets held for sale	–	64.8	–	–
Net operating losses	14.6	–	14.2	–
Deferred tax before provisions	**77.3**	**(71.9)**	**70.8**	**(128.0)**
Provisions on net operating losses and tax credits	(3.9)	–	(7.4)	–
Provisions on other temporary differences	(18.8)	–	(18.3)	–
Provisions on deferred tax assets	**(22.7)**	**–**	**(25.7)**	**–**
Deferred tax after provisions	**54.6**	**(71.9)**	**45.1**	**(128.0)**
Allowable offset against deferred tax liabilities	(42.9)	42.9	(36.3)	36.3
Net deferred tax	**11.7**	**(29.0)**	**8.8**	**(91.7)**

TIP Group has tax losses carried forward of €62.2m as at 31 December 2023 (2022: €60.6m) of which the majority can be carried forward indefinitely. The Group recognises deferred tax assets for the tax value of losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax assets in respect of tax losses of €3.9m (2022: €7.4m) as the Group considers it is not probable that future taxable profits will be available to offset these tax losses with current tax liabilities. The total of unrecognised losses of €3.9m do not have an expiry date.

No deferred tax liability has been recognised in respect of undistributed earnings of subsidiaries, joint ventures and associates, for an amount of taxable temporary differences of €36.2m (2022: €19.0m). That is because TIP Group is able to control the timing of the reversal of these temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

22.1 Net deferred tax

Movements during the period are as follows:

€m	1 January 2023	Effects of movements in foreign exchange	Recognised in income	Business combinations	Recognised in OCI/ equity	Held for sale	31 December 2023
Fleet	(48.6)	0.5	(5.7)	(1.6)	—	—	(55.4)
PP&E	(5.1)	—	(0.6)	(0.2)	—	—	(5.9)
Intangibles	(17.0)	—	3.1	(2.3)	—	—	(16.2)
Trade and other receivables	3.6	—	(2.6)	—	—	—	1.0
Borrowings	(6.4)	—	(5.2)	6.4	5.6	—	0.4
RoU Fleet	(5.1)	—	5.1	(3.6)	—	—	(3.6)
RoU PP&E	(21.3)	—	(5.4)	(1.1)	—	—	(27.8)
RoU Finance lease liability	28.5	—	3.8	1.1	—	—	33.4
Held for sale	—	—	—	—	—	64.8	64.8
Net operating losses	14.2	—	0.4	—	—	—	14.6
Deferred tax before provisions	**(57.2)**	**0.5**	**(7.1)**	**(1.3)**	**5.6**	**64.8**	**5.3**
Provisions on net operating losses and tax credits	(7.4)	—	3.5	—	—	—	(3.9)
Provisions on other temporary differences	(18.3)	0.4	(0.8)	—	—	—	(18.7)
Provisions on deferred tax assets	**(25.7)**	**0.4**	**2.7**	**—**	**—**	**—**	**(22.6)**
Deferred tax after provisions	**(82.9)**	**0.9**	**(4.4)**	**(1.3)**	**5.6**	**64.8**	**(17.3)**

Tax management

The Group has deferred tax assets primarily resulting from net operating losses carried forward and temporary differences that may reduce taxable profit in future periods. The realisation of these deferred tax assets depends on the Group's ability to generate sufficient taxable profit within the carried forward periods provided for in the tax law of each applicable tax jurisdiction.

The following sources of taxable profit have been considered when assessing the realisation of the deferred tax assets:

- Forecasted future profit before tax and taxable profit
- Future reversal of temporary differences
- Scheduled reversal of deferred tax liabilities
- Tax planning strategies

The Management considers that it is likely that a portion of the deferred tax assets will not be realised due to the forecasted profit before tax in some countries.

23. Inventories

€m	Note	2023	2022
Fleet held for sale			
At 1 January		**10.1**	**0.6**
Additions	18	65.8	21.2
Disposals		(43.0)	(11.7)
Assets held for sale		(2.5)	–
At 31 December		**30.4**	**10.1**
Buy to sell			
At 1 January		**6.3**	**3.6**
Additions		23.1	18.5
Disposals		(24.2)	(15.8)
At 31 December		**5.2**	**6.3**
Parts			
At 1 January		**16.4**	**13.4**
Additions		18.1	29.3
Business combinations		2.5	1.3
Used		(17.6)	(27.6)
Assets held for sale		(3.4)	–
At 31 December		**16.0**	**16.4**
Total		**51.6**	**32.8**

Inventories include fleet which is classified as held for sale once Management decides to dispose of the equipment. Buy to sell are trailers, tankers and trucks purchased to resell. Fleet work in progress are new assets under construction, which are considered not to be available yet for leasing or rental to customers.

24. Trade and other receivables

€m	Note	2023	2022
Trade receivables		143.8	151.1
Allowance for expected credit losses	24.1	(10.1)	(12.2)
Non-impaired trade receivables		**133.7**	**138.9**
VAT receivables		33.0	42.4
Prepayments		19.8	13.2
Unbilled revenue		9.8	9.5
Other		11.5	2.8
Total		**207.8**	**206.8**

Trade receivables and unbilled revenue are non-interest bearing and are generally on 30-day payment terms. Trade receivables include receivables arising from the contracts with customers and other receivables. It is not possible for the Group to separate trade receivables from the contracts with customers from other receivables. VAT receivables are fully recoverable. Prepayments (mainly operating expenses) are attributable to subsequent periods and mature within one year.

Trade receivables and credit risk policies

Refer to note 35.4 on credit risk for trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

24.1 Allowance for expected credit losses on trade receivables

€m	Individually impaired	Collectively impaired	Total
At 1 January 2022	7.9	1.8	9.7
Charge for the period	3.8	0.1	3.9
Trade receivables written off	(1.4)	–	(1.4)
At 31 December 2022	10.3	1.9	12.2
Charge for the period	(1.6)	–	(1.6)
Trade receivables written off	(2.6)	–	(2.6)
Assets held for sale	2.1	–	2.1
At 31 December 2023	8.2	1.9	10.1

These expenses arise due to the recognition of ECL charges of trade receivables with fixed or determinable payment.

Ageing analysis

At the end of the reporting period, the ageing analysis of non-impaired trade receivables is as follows:

Trade receivables at 31 December €m	Total	Neither past due or impaired	Past due but not impaired 1-30 days	31-60 days	61-90 days	91-120 days	>120 days
2023	133.7	100.0	25.6	4.0	2.2	0.8	1.1
2022	138.9	101.9	28.0	3.9	3.0	1.0	1.1

25. Cash and equivalents

€m	2023	2022
Cash at banks and on hand	17.7	13.7
Total	**17.7**	**13.7**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

€m	2023	2022
Cash at banks and on hand	17.7	13.7
Cash at banks and on hand attributable to discontinued operations	1.4	–
Total	**19.1**	**13.7**

26. Borrowings

2023 €m	RCF	ABS	FLB	TL	GRCF	Total
At 1 January	**1,078.2**	**87.7**	**179.2**	**425.0**	**–**	**1,770.1**
Drawdowns	432.0	74.4	33.8	1.8	14.0	556.0
Business combinations	–	–	18.6	–	–	18.6
Reclassification to liabilities associated with assets held for sale	–	–	(16.8)	–	–	(16.8)
Repayments	(133.2)	(3.7)	(51.8)	(1.8)	–	(190.5)
Gross face value at 31 December	**1,377.0**	**158.4**	**163.0**	**425.0**	**14.0**	**2,137.4**
Foreign exchange movements	4.1	0.6	1.2	–	–	5.9
Gross value after foreign exchange	**1,381.1**	**159.0**	**164.2**	**425.0**	**14.0**	**2,143.3**
Accrued interest/commitment fees	2.3	–	–	1.6	–	3.9
Deferred fees	(17.7)	(1.2)	–	–	–	(18.9)
Total at 31 December	**1,365.7**	**157.8**	**164.2**	**426.6**	**14.0**	**2,128.3**
Liabilities associated to assets held for sale	–	–	**16.8**	–	–	**16.8**
Current	2.3	40.8	28.6	1.6	–	73.3
Non-current	1,363.4	117.0	135.6	425.0	14.0	2,055.0

2022 €m	RCF	ABS	FLB	TL	GRCF	Total
At 1 January	**953.1**	**40.6**	**182.6**	**425.0**	**–**	**1,601.3**
Drawdowns	317.5	53.8	38.2	–	–	409.5
Business combinations	–	–	14.3	–	–	14.3
Repayments	(164.9)	(9.6)	(52.0)	–	–	(226.5)
Gross face value at 31 December	**1,105.7**	**84.8**	**183.1**	**425.0**	**–**	**1,798.6**
Foreign exchange movements	(27.5)	2.9	(3.9)	–	–	(28.5)
Gross value after foreign exchange	**1,078.2**	**87.7**	**179.2**	**425.0**	**–**	**1,770.1**
Accrued interest/commitment fees	6.4	–	–	–	–	6.4
Deferred fees	(17.9)	(4.6)	–	–	–	(22.5)
Total at 31 December	**1,066.7**	**83.1**	**179.2**	**425.0**	**–**	**1,754.0**
Current	6.4	24.8	45.2	–	–	76.4
Non-current	1,060.3	58.3	134.0	425.0	–	1,677.6

26.1 Overview of principal borrowing facilities

Revolving credit facility (RCF) and Green revolving credit facility (GRCF)

On 20 December 2018, the Group refinanced and signed a new financing facility with a consortium of banks providing a €967.0m multi-currency revolving credit facility. This facility matures on 31 December 2023 and can be extended up to an additional two years post 31 December 2023. On 22 November 2019, the RCF facility was increased by €183.5m via the accordion clause in the agreement, with a combination of existing and new banks. On 29 July 2021, the Group signed an agreement to refinance the existing loan facility whereby extending the maturity till December 2025 and increasing the facility by €46.0m with the existing banks in the consortium, using the accordion feature, totalling to €1,197.0m. On 12 December 2022, we signed an agreement to refinance our existing loan facility increasing the facility by €193.8m with our existing and new banks in the consortium, using the accordion feature, totalling to €1,390.8m.

The Group may draw funds under the facility in €, £, US$, CA$, SEK, NOK, PLN, CHF and DKK. The Group may elect to pay interest on a 1, 3 or 6-month basis. The Group's policy usually is to pay on a three-month basis.

The interest rate spread varies quarterly based on the ratio of loan outstanding compared with certain loan collateral ("loan to value") between 1.5% and 2.1%. There is a 0% RFR floor applicable to the facility. During 2023, the Group paid an average spread of 1.79% (2022: 1.84%).The Group has linked the interest rate spread to the sustainability KPI's.

The Group is required to comply with the following financial covenants:

- Solvency (equity-intangibles-deferred taxes)/(total assets-intangibles-deferred taxes)
- Interest cover (the ratio of operating profit excluding exceptional items to cash finance charges)
- Loan to value (the ratio of aggregate borrowings outstanding to borrowing base).

The Group is required to hedge the related interest payments using floating to fixed interest rate swaps. A minimum of 33.3% of the drawdown loan is required to be hedged till maturity of RCF.

The Group fully complied with these covenants in all periods.

The majority of the assets of the Group are pledged as collateral with respect to these borrowings. Please refer to commitments and contingencies in note 34.

On 22 November 2019 TIP entered the institutional private placement term loan market for the first time via the accordion clause in the agreement, raising €274.5m in term loans from five funders, as part of the acquisition of PEMA. The Group successfully increased the term loan by €150.0m on 3 August 2021, as part of the refinancing strategy, with the existing private placement term loan institutions. On 12 December 2022, group established a new Accordion of €500.0m and can be used to raise fund via the RCF, GRCF and Term loan institutions. The interest rate of this term loan is 2.4% and facility matures in November 2026.

On 12 December 2022, the Group successfully raised a green revolving credit facility (GRCF) of €75.0m. This facility is dedicated to fund zero and low emission equipment and is aligned with EU taxonomy/green loan principles. The interest rate spread varies quarterly based on the ratio of loan outstanding compared with certain loan collateral ("loan to value") between 1.45% and 2.05%. There is a 0% RFR floor applicable to the facility.

On 20 December 2023, the Group increased the facility using accordion feature, with existing and new banks in the consortium, totalling to €1,798.8m.

The institutional term loans and green revolving credit facility rank pari passu with the RCF facility in relation to security. The three financial covenants that apply to the RCF also apply to the TL and the GRCF.

Asset-backed securitisation facility (ABS)

In December 2021, the Group set up a new ABS facility under Irish law with two leading banks and closed down its previous ABS facility, which operated under Dutch law. The countries where the Group can use this facility are the Netherlands, Belgium, France, Germany, the United Kingdom, Ireland, Denmark, Sweden and Finland. For the ABS program, a two-step future flow securitization structure was set up. A bankruptcy remote Irish special purpose entity, TIP Collections Designated Activity Company (TCD), wholly owned by TIP, is the legal owner of the vehicles and leases these assets to various TIP operating companies, which in turn sublease the assets to our customers. TCD sells the discounted future cash flows associated with the lease agreements and the residual value of the assets to TIP Lease Funding Designated Activity Company (TLF) in return for funding against favourable terms. Although the shares of TLF are not owned by the Group, TLF is included into the consolidated financial statements, since it meets the IFRS 10 consolidation criteria. Vehicles which are not ABS funded remain legally owned by the respective TIP operating companies.

In December 2023, the Group extended the facility by 2 years, till December 2025 and increased the committed senior facility from €200.0m to €265.0m.

This facility has no interest rate floor, and expansion to €300.0m is permitted under the RCF facilities agreement. This senior facility is a multi-currency facility which allows the Group to borrow in the major currencies in which it operates and requires interest rate hedges to be taken out to match the lease cash flows. Interest is payable on a monthly basis.

Funding lease book (FLB)

The Group has entered into, or acquired via business combinations, a number of lease contracts as customer (lessee).

The average interest rate on these leases is 4.4% (2022: 5.0%).

The Group's obligations, including discontinued operations, under leases are secured by the supplier's (lessor) legal title to the leased assets. Future minimum payments, together with the present value of the net minimum lease payments, are as follows:

2023 €m	Total future minimum lease payments	Outstanding interest	Present value of minimal payments (principal amount)
Less than 1 year	51.3	6.0	45.4
Between 1 and 5 years	116.2	13.2	103.0
More than 5 years	37.9	5.3	32.6
Total	**205.4**	**24.5**	**181.0**

2022 €m	Total future minimum lease payments	Outstanding interest	Present value of minimal payments (principal amount)
Less than 1 year	51.2	5.6	45.6
Between 1 and 5 years	124.1	10.8	113.3
More than 5 years	23.6	3.3	20.3
Total	**198.9**	**19.7**	**179.2**

27. Derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is interest rate risk.

In accordance with the Group's risk management strategy, the Group use financial instruments, such as interest rate swaps and caps to hedge against the risk of rising interest rates on its floating rate borrowings, namely its revolving credit facility (RCF) and asset based securitization (ABS) program. The Group's risk management strategy and how it is applied to manage risk is explained in note 35.3. Such derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair value are recognised directly in the profit or loss for all derivative instruments, except where the Group has elected to apply hedge accounting.

The Group has elected to apply hedge accounting to its derivatives under the RCF. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Where hedge accounting is applied, the effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group has relationships only with financial institutions with high credit ratings in respect of derivatives to minimize credit risk exposure.

Below is an analysis of the derivatives fair value recognised in profit or loss, or OCI:

€m	Note	2023	2022
Recognised in profit or loss	27.1	2.7	3.1
Recognised in the OCI	27.2	1.5	30.6
Total		**4.2**	**33.7**
Current		9.7	21.6
Non-current		(5.5)	12.1

Revolving credit facility (RCF)

The Group enters into interest rate swaps in order to hedge against the risk of rising interest rates on its floating rate revolving credit facility. These contracts, which are entered into on a rolling basis, are expected to reduce the volatility in interest payments attributable to interest rate fluctuations in various benchmark rates. The Group has elected to apply hedge accounting to these derivates. These derivatives are designated as cash flow hedges. There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the terms of the highly probably borrowings. To test hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Asset-backed securitisation (ABS)

The Group is also required to enter into swaps in relation to its ABS facility. These swaps are not designated as hedge relationships, and hence, movements in fair value are recognised in the profit or loss.

Derivatives not designated as hedging instruments

The Group uses foreign currency-denominated borrowings in ABS structure, and foreign exchange forward contracts to manage some of its ABS Balance sheet exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

27.1 Derivatives with changes in fair value recognised in the profit or loss

€m	2023	2022
Interest rate swap	2.7	3.1
Total	**2.7**	**3.1**
Current	3.6	3.1
Non-current	(0.9)	–

The movement of the interest rate swaps was as follows:

€m	2023	2022
At 1 January	**3.1**	**(0.3)**
Reclass to derivatives at fair value through the profit or loss from OCI	–	–
Movement in fair value through profit or loss	(0.4)	3.4
At 31 December	**2.7**	**3.1**

Below is an analysis of the expected future cash flows for derivatives where hedge accounting is not applied as at the year ended:

2023 €m	Less than 3 months	3 to 12 months	1 to 5 years	Total
Inflows	5.5	(0.3)	(0.7)	4.5
Outflows	(1.7)	0.1	(0.2)	(1.8)
Net	**3.8**	**(0.2)**	**(0.9)**	**2.7**

2022 €m	Less than 3 months	3 to 12 months	1 to 5 years	Total
Inflows	0.7	5.0	1.9	7.6
Outflows	(0.2)	(2.9)	(1.4)	(4.5)
Net	**0.5**	**2.1**	**0.5**	**3.1**

27.2 Derivatives with changes in fair value recognised in OCI

€m	2023	2022
At 1 January	30.6	(2.3)
Fair value during period	(29.1)	32.9
At 31 December	1.5	30.6
Current	6.1	18.5
Non-current	(4.6)	12.1

Below is an analysis of the expected discounted future cash flows for derivatives where hedge accounting had been applied as at the year ended:

2023 €m	Less than 3 months	3 to 12 months	1 to 5 years	Total
Inflows	7.4	15.2	18.6	41.2
Outflows	(5.0)	(11.5)	(23.2)	(39.7)
Total	2.4	3.7	(4.6)	1.5

2022	Less than 3 months	3 to 12 months	1 to 5 years	Total
Inflows	1.9	24.3	17.4	43.6
Outflows	(1.2)	(6.5)	(5.3)	(13.0)
Total	0.7	17.8	12.1	30.6

28. Provisions

€m	Restructuring	Other	Total
At 1 January 2022	0.8	0.1	0.9
Charge for the period	1.4	–	1.4
Utilised	(0.5)	(0.1)	(0.6)
At 31 December 2022	1.7	–	1.7
Charge for the period	0.8	–	0.8
Utilised	–	(0.1)	(0.1)
At 31 December 2023	2.5	(0.1)	2.4
Current	2.5	(0.1)	2.4
Non-current	–	–	–

29. Trade and other payables

€m	Note	2023	2022
Accruals	29.1	97.3	109.2
Other creditors	29.2	23.8	47.5
Deferred revenue	29.3	38.4	30.3
Trade payables		42.4	26.6
Security deposits		16.0	15.9
Fleet payables		(0.4)	13.8
Cube Transportation Europe Coöperatief	33	0.4	0.6
Total		217.9	243.9
Current		189.0	221.6
Non-current		28.9	22.3

Trade and fleet payables are non-interest bearing and are settled within agreed terms.

The Group requires security deposits to cover credit risk of customers with lower ratings or when exposure is high versus customer equity and cash flow coverage. They are returned if not used when all contracts related are paid in full by the customer. The Group may transfer the security deposit from one contract to the following contract with supporting documentation signed by the Group and the customer. Security deposits are requested at the beginning of a lease or rental from some customers according to the Group's risk management policies. They are held for various lengths of time.

29.1 Accruals

Accruals are comprised as follows:

€m	2023	2022
Compensation and benefits	21.4	24.7
Administrative and other operating expenses	23.8	26.0
M&R own fleet	34.6	37.1
Insurance	3.0	2.7
Property dilapidations	2.0	2.0
Deferred fleet sales proceeds	0.5	0.5
Other	12.0	16.2
Total	97.3	109.2

M&R own fleet relates to services provided by third parties who have not yet invoiced services provided for maintaining the Group's trailers.

Compensation and benefits include bonus and holiday pay provisions.

29.2 Other creditors

€m	2023	2022
VAT payable	6.0	32.8
Net payroll liability	4.8	4.5
Wages tax and social security	3.2	2.5
Prepaid fleet sales	8.5	6.9
Other payables	1.3	0.8
Total	23.8	47.5

29.3 Deferred revenue

Deferred revenue is comprised as follows:

€m	2023	2022
Maintenance contracts	31.0	24.6
Leasing and rental	7.3	5.5
M&R 3rd party	0.1	0.2
Total	38.4	30.3
Current	9.5	8.0
Non-current	28.9	22.3

Deferred maintenance revenue represents instances where the remaining performance obligation is expected to be completed in the next periods.

30. Pension obligations

The Group primarily operates defined contribution plans either through an insurance company or via state social security plans. Defined benefit plans are insignificant.

31. Equity

31.1 Share capital

€	2023	2022
Authorised shares		
Ordinary shares 1,000 of €0.01 each	–	–
Ordinary shares issued and fully paid	10.0	10.0
Total	**10.0**	**10.0**

31.2 Dividends

During 2023, Global TIP Holdings Two B.V. distributed to its shareholder (Cube Transportation Europe Coöperatief U.A.) a dividend of €24.3m as an appropriation of profit from its retained earnings.

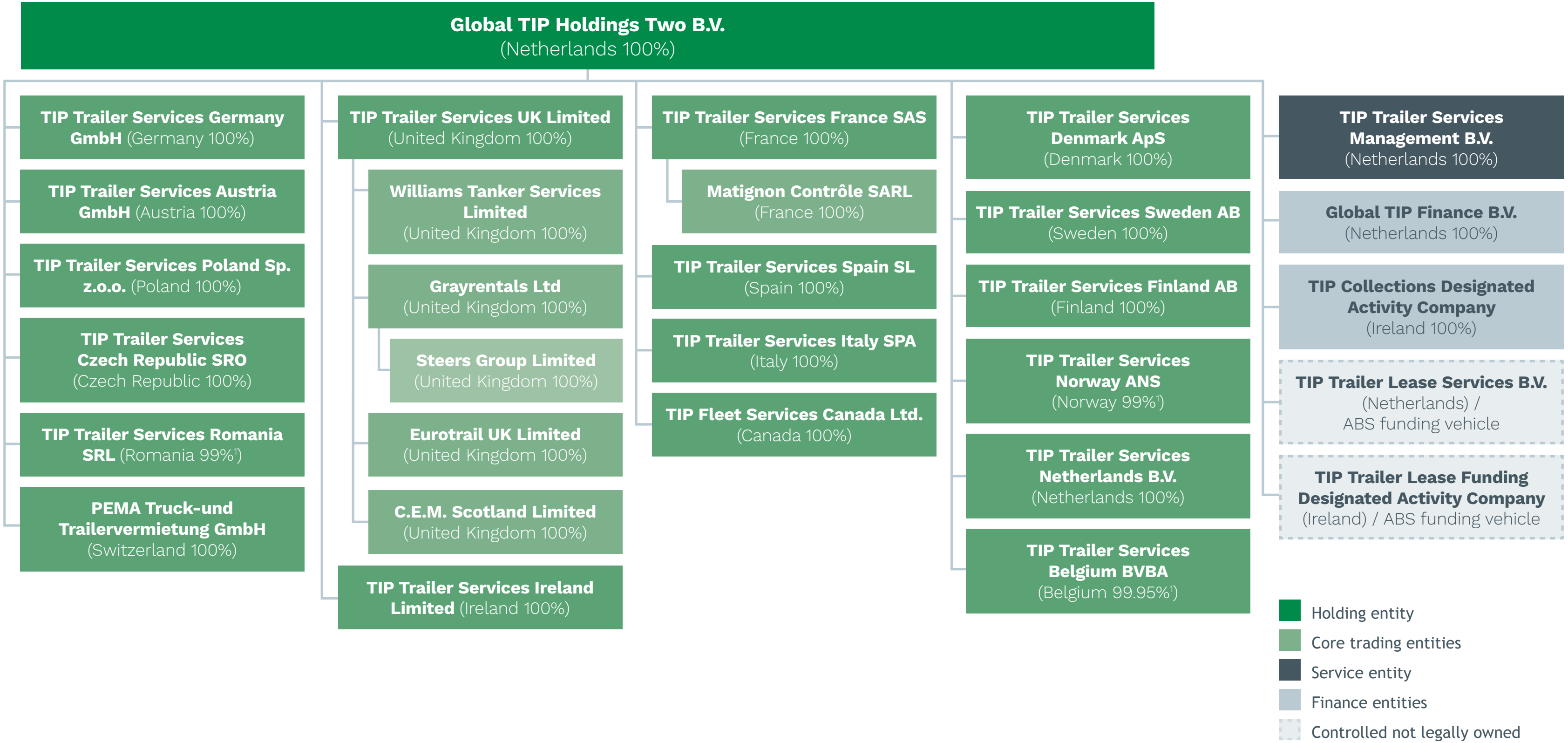
31.3 Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Total
At 1 January 2022		**(4.3)**	**(1.7)**	**(6.0)**
Movement for the period		(8.0)	32.9	24.9
Tax impact	16.2	–	(7.0)	(7.0)
At 31 December 2022		**(12.3)**	**24.2**	**11.9**
Movement for the period		0.8	(29.1)	(28.3)
Tax impact	16.2	–	5.6	5.6
Asset held for sale		2.9	–	2.9
At 31 December 2023		**(8.6)**	**0.7**	**(7.9)**

31.4 Reserve of disposal group held for sale

€m	2023	2022
Reserve of disposal group held for sale	(2.9)	–
Total	**(2.9)**	**–**

32. Group information



- **Global TIP Holdings Two B.V.** (Netherlands 100%)
  - **TIP Trailer Services Germany GmbH** (Germany 100%)
  - **TIP Trailer Services Austria GmbH** (Austria 100%)
  - **TIP Trailer Services Poland Sp. z.o.o.** (Poland 100%)
  - **TIP Trailer Services Czech Republic SRO** (Czech Republic 100%)
  - **TIP Trailer Services Romania SRL** (Romania 99%[1])
  - **PEMA Truck-und Trailervermietung GmbH** (Switzerland 100%)
  - **TIP Trailer Services UK Limited** (United Kingdom 100%)
    - **Williams Tanker Services Limited** (United Kingdom 100%)
    - **Grayrentals Ltd** (United Kingdom 100%)
      - **Steers Group Limited** (United Kingdom 100%)
    - **Eurotrail UK Limited** (United Kingdom 100%)
    - **C.E.M. Scotland Limited** (United Kingdom 100%)
  - **TIP Trailer Services Ireland Limited** (Ireland 100%)
  - **TIP Trailer Services France SAS** (France 100%)
    - **Matignon Contrôle SARL** (France 100%)
  - **TIP Trailer Services Spain SL** (Spain 100%)
  - **TIP Trailer Services Italy SPA** (Italy 100%)
  - **TIP Fleet Services Canada Ltd.** (Canada 100%)
  - **TIP Trailer Services Denmark ApS** (Denmark 100%)
  - **TIP Trailer Services Sweden AB** (Sweden 100%)
  - **TIP Trailer Services Finland AB** (Finland 100%)
  - **TIP Trailer Services Norway ANS** (Norway 99%[1])
  - **TIP Trailer Services Netherlands B.V.** (Netherlands 100%)
  - **TIP Trailer Services Belgium BVBA** (Belgium 99.95%[1])
  - **TIP Trailer Services Management B.V.** (Netherlands 100%)
  - **Global TIP Finance B.V.** (Netherlands 100%)
  - **TIP Collections Designated Activity Company** (Ireland 100%)
  - **TIP Trailer Lease Services B.V.** (Netherlands) / ABS funding vehicle
  - **TIP Trailer Lease Funding Designated Activity Company** (Ireland) / ABS funding vehicle

- 🟩 Holding entity
- 🟩 Core trading entities
- ⬛ Service entity
- ▨ Finance entities
- ⬚ Controlled not legally owned

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[1] *Balance of shares held by TIP Trailer Services Netherlands B.V.*

33. Related party disclosures

a) The following table summarises current period transactions and outstanding balances with the related parties:

€m Lender/supplier	Borrower/debtor	2023	2022
Current period transactions			
Global TIP Holdings Two B.V.	Cube Transportation Europe Coöperatief	1.8	1.7
Other revenue		**1.8**	**1.7**
Global TIP Finance B.V.	Cube Transportation Europe Coöperatief	2.9	1.2
Finance income		**2.9**	**1.2**
Total		**4.7**	**2.9**
Dividends paid			
Global TIP Holdings Two B.V.	Cube Transportation Europe Coöperatief	(24.4)	(24.4)
Total		**(24.4)**	**(24.4)**
Outstanding balances			
Global TIP Finance B.V.	Cube Transportation Europe Coöperatief	55.2	50.2
Financial assets		**55.2**	**50.2**
Cube Transportation Europe Coöperatief	Global TIP Finance B.V.	(0.4)	(0.6)
Trade and other payables		**(0.4)**	**(0.6)**
Total		**54.8**	**49.6**

Financial assets relate to an at arm's length loan of €54.8m granted to Cube Transportation Europe Coöperatief U.A. The loan has a floating interest rate and is fully repayable on maturity date in June 2025. Payables to Cube Transportation Europe Coöperatief U.A. relates to management service fees.

Cube Transportation Europe Coöperatief U.A. has pledged the shares of Global TIP Holdings Two B.V. as security for the RCF.

b) Compensation of key management personnel of the Group:

€m	2023	2022
Salaries	8.1	6.9
Post-employment benefits	0.5	0.5
Total	**8.6**	**7.4**

The Senior Leadership Team is considered to be the key management personnel of the Group.The amounts disclosed in the table above are recognised as an expense during the reporting period.

The shareholder has put in place a cash incentive plan in case of a sale of the group at set minimum levels of return. Using 2023 data and future estimates, the current view is that the plan is not projected to make a payment. As an amendment to this plan, the shareholder made a prepayment in September 2023, which amortizes over a 3 year period. €0.5m of the payment has been recognized as an expense in 2023. These prepayments represent a floor in the plan, subject to employment for a three-year period. The Non-Executive Directors do not receive pension entitlements from the Group.

34. Commitments and contingencies

a) Assets pledged as collateral

Under the Group's[1] various borrowing facilities referred to in note 26, the Group has pledged the following assets as security for these facilities:

Revolving credit facility (RCF)

The Group has pledged the assets below as security for this facility through fixed and floating charges:

€m	2023	2022
Fleet	2,051.7	1,826.1
PP&E	130.9	117.3
Non-current assets	**2,182.6**	**1,943.4**
Inventories	57.7	32.8
Unbilled revenue	9.8	9.5
Trade receivables	152.0	138.5
Cash and equivalents	16.5	10.4
Current assets	**236.0**	**191.2**
Total	**2,418.6**	**2,134.6**

The Group has also pledged shares of some of its operating companies.

The RCF facility allows for either fleet or lease contracts to be pledged separately via an SPV for securitised financing, via lease facilities and other loan facilities up to certain stipulated levels.

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[1] *Assets from the discontinued operations are still pledged until time of the sale, hence included in the tables.*

Terms and conditions of transactions with related parties

Transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. There have been no credit losses relating to the outstanding balances.

Asset back securitisation facility (ABS)

The Group has pledged the assets below as security for this facility through an SPV:

€m	2023	2022
Fleet	193.6	113.6
Non-current assets	**193.6**	**113.6**
Cash and equivalents	2.6	3.3
Current assets	**2.6**	**3.3**
Total	**196.2**	**116.9**

Funding lease book (FLB)

The Group's obligations under leases are secured by the lessor's legal title to the leased assets below:

€m	2023	2022
Fleet	78.6	99.3
PP&E	106.8	82.2
Non-current assets	**185.4**	**181.5**
Trade receivables	3.5	3.1
Current assets	**3.5**	**3.1**
Total	**188.9**	**184.6**

Term loan facilities (TL)

The Group has pledged the assets below as security for these facilities:

€m	2023	2022
Non-current assets	–	–
Total	**–**	**–**

b) Capital commitments

€m	2023	2022
Fleet	224.9	243.5
PP&E	33.1	13.1
Intangible assets	14.9	11.0
Total	**272.9**	**267.6**

The table includes the figures from the discontinued operations.

Number of fleet units	2,260	4,706

c) Guarantees

The Group has provided the following guarantees:

€m	2023	2022
FLB	40.8	44.2
Total	**40.8**	**44.2**

All guarantees issued are in the ordinary course of business.

The expiration periods of these guarantees are as follows:

€m	2023	2022
2023	–	5.9
2024	5.3	5.3
2025	1.1	1.1
2026	2.7	8.1
2027	0.3	0.3
2028	1.1	1.0
2029+	30.3	22.5
Total	**40.8**	**44.2**

d) Legal claims

The Group had no material legal claims outstanding at 31 December 2023, nor at 31 December 2022.

35. Committed revenue

At the end of the reporting period, the Group has committed revenue from operating leases with customers for whom the contract term was greater than 12 months. The contractually committed revenue can be split as follows:

€m	2023	2022
Within one year	504.3	419.0
Between 1 and 2 years	381.8	366.9
Between 2 and 3 years	276.6	255.7
Between 3 and 4 years	190.1	166.1
Between 4 and 5 years	112.3	100.5
More than 5 years	129.0	138.4
As of 31 December 2023	**1,594.1**	**1,446.6**

In addition, the Group has substantial operational committed cash flows from customers. This is driven by the customers' contractual commitments with their end-users for the Group's fleet. Often customers cannot quickly change to other suppliers without costly disruption to the supply chain. Customers, therefore, continue to use and pay the same lease rate post the end of the contracted period through evergreens. In addition, many customers enter into contract extensions for additional periods which are often for two to three years. Short-term contracts can also extend into subsequent periods.

36. Financial risk management

The Group's principal financial instruments, other than derivatives comprise of trade and other receivables, and cash and short-term deposits that it derives directly from its operations. It also includes loans and borrowings, and trade and other payables. The primary purpose of the Group's financial liabilities is to finance its operational activities. The Group views derivatives as risk management tools and does not use them for trading or speculative purposes.

36.1 Liquidity risk

Liquidity risk is the risk that financial liabilities that are settled in cash or by other financial assets cannot be fulfilled when they fall due or can only be met at unfavourable economic conditions.

The Group monitors its risk of a shortage of funds using cash forecasting models. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and bank loans. The Group is exposed to risk associated with concentration of its borrowings. However, access to sources of funding is sufficiently available, and the majority of the borrowing arrangements mature within 1 to 5 years after the reporting date (please refer to note 26). The Group plans to continue to diversify the maturity of its borrowings in the coming years.

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted contractual payments:

2023 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		29.4	87.6	131.1	5.3	253.4
Borrowings repayment	26	18.3	55.0	2,037.1	32.6	2,143.0
Derivatives	27	(6.2)	(3.5)	5.5	–	(4.2)
Trade and fleet payables		42.0	–	–	–	42.0
Total		**83.5**	**139.1**	**2,173.7**	**37.9**	**2,434.2**

2022 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		19.5	57.6	158.6	3.3	239.0
Borrowings repayment	26	13.5	61.5	1,674.9	20.3	1,770.2
Derivatives	27	(1.2)	(20.4)	(12.1)	–	(33.7)
Trade and fleet payables		40.4	–	–	–	40.4
Total		**72.2**	**98.7**	**1,821.4**	**23.6**	**2,015.9**

36.2 Fair value of financial assets, borrowings and derivatives

All financial assets and liabilities, except for derivatives, are floating rate instruments or have short tenors, and therefore their carrying amount approximates fair value.

All derivatives are carried at fair value. Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments.

Fair values of financial assets, borrowings and derivatives:

				Fair value measurement using		
2023 €m	Note	Carrying amount	Fair value	Quoted prices in active markets (level 1)	Significant observable input (level 2)	Significant unobservable inputs (level 3)
Financial assets	21	55.2	55.2	–	55.2	–
Derivatives	27	4.2	4.2	–	4.2	–
Total financial assets and derivatives		**2,187.7**	**2,187.7**	**–**	**2,187.7**	**–**
Borrowings	26	2,128.3	2,128.3	–	2,128.3	–

				Fair value measurement using		
2022 €m	Note	Carrying amount	Fair value	Quoted prices in active markets (level 1)	Significant observable input (level 2)	Significant unobservable inputs (level 3)
Financial assets	21	50.2	50.2	–	50.2	–
Derivatives	27	33.7	33.7	–	33.7	–
Total financial assets and derivatives		**1,837.9**	**1,837.9**	**–**	**1,837.9**	**–**
Borrowings	26	1,754.0	1,754.0	–	1,754.0	–

The Management assessed that the fair value of cash and short-term deposits, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts mostly due to the short maturities of these instruments.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. There were no transfers between Level 1 and Level 2 during 2023 and 2022.

The following methods and assumptions were used to estimate the fair values:

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Derivatives valued using valuation techniques with observable market inputs are mainly interest rate swaps and floors and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and the entity itself, foreign exchange spot and forward rates and interest rate curves. As at 31 December 2023 and 31 December 2022, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk, and the marked-to-market value of derivative liability positions is net of a debit valuation adjustment attributable to derivative entity's own credit risk. The changes in the credit risk of both counterparties and entity itself had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other instruments summarised at fair value.
- Fair values of the Group's borrowings are determined by using a DCF method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk is assessed to be stable between the date of entering into the contract and the reporting date.
- Fair values of the Group's financial assets are determined by using a DCF method with a discount rate that reflects the counterparty risk as at the end of the reporting period.

36.3 Market, interest and foreign currency objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Management oversees the management of these risks. The Management is supported by the Treasury team who advises on financial risks and the appropriate financial risk governance framework for the Group. All derivative activities for risk management purposes are carried out by a specialist team that has the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, and derivative financial instruments. Market risk consists of interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates (primarily Euribor/SONIA) relates mainly to the Group's long-term borrowing obligations with floating interest rates.

To manage this exposure, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge underlying borrowing obligations (please refer to note 27). The Group's strategy is to hedge a minimum of 66% of its long-term external borrowings for the duration of the borrowings. For financing via ABS, interest rate swaps are taken out to match the operating lease cash flow and duration for the financing component of the facility.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on principal borrowings, after the impact of hedge accounting where applicable. With all other variables held constant, the Group's profit before tax and other comprehensive income are affected as follows:

2023 €m		Change in rate	Effect on profit before tax	Effect on OCI
RCF	Interest rate swaps	(0.25) p.p.	0.5	(2.7)
		0.25 p.p.	(0.5)	2.5
ABS	Interest rate	(0.25) p.p.	0.4	–
		0.25 p.p.	(0.4)	–

2022 €m		Change in rate	Effect on profit before tax	Effect on OCI
RCF	Interest rate swaps	(0.25) p.p.	–	(2.8)
		0.25 p.p.	–	2.6
ABS	Interest rate	(0.25) p.p.	0.1	–
		0.25 p.p.	(0.1)	–

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value, or future cash flows, of a financial instrument, will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the centrally managed borrowings in currencies other than the functional currency, the Group's operating activities (predominantly fleet purchases and sales at subsidiary level denominated in a different currency from the subsidiary's functional currency) and the Group's net investments in foreign subsidiaries.

Under the revolving credit and ABS facilities currently in place, the Group borrows in £, CA$, SEK, NOK, PLN, CHF and DKK to naturally hedge internal loans in those currencies.

The Group manages its foreign currency risk for the ABS structure (multi-currency facility) by hedging balance sheet exposure.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure.

The Group hedges its exposure to fluctuations on the translation into Euros for the ABS structure, by holding net borrowings in different currencies and by using foreign currency swaps and forwards.

This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in exchange rates as at 31 December, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

		Effect on profit before tax	
€m	Change in rate	2023	2022
£	+5%	(1.4)	0.5
CA$	+5%	(1.2)	(0.1)

The following table shows the Group's net assets after borrowings by currency:

Net assets after borrowings by currency	2023	2022
€	40%	34%
£	4%	15%
CA$	31%	27%
DKK	11%	9%
Others	14%	16%
	100%	100%

The Group does not hedge its intergroup net assets/investments after borrowings in non-reporting currency. In 2023 51% (2022: 43%) of its net assets/investments before borrowings are in € or currencies such as DKK which are formally tied to the €. When funding its UK, Canadian, Swedish and Norwegian businesses, the Group principally borrows in £, CA$, SEK and NOK under its various financing facilities to substantially reduce its exposure to fluctuations in these currencies against the €. The Group assesses the residual risk of other currencies as limited.

36.4 Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily through its leasing and M&R activities and from its financing activities, including derivative financial instruments.

Financial assets

Financial assets, which potentially expose the Group to credit risk, amount to €55.2m and relate to receivables from the parent company. While the Group may be subject to losses up to the contract value of the financial assets in the event of non-performance by its counterparts, it does not expect such losses to occur. No collateral is required by the Group to support financial assets subject to credit risk.

Credit risk is managed by the Group in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group on an annual basis, and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As per 31 December 2023, there is no indication that the loans given by the Group will not be received.

Trade receivables

The Risk team manages customer credit risk in each regional business unit subject to the Group's established policy, procedures and controls relating to customer's credit risk management. The credit quality of a customer is assessed to define credit limits based on internal and external credit ratings that take into account financial health and payment history.

The Chief Financial Officer and the Credit Risk Director of the Group delegate credit authorities to regional Finance Directors and Risk teams. Each regional Finance Director ensures that they consistently and adequately apply the policy for performing annual reviews on customer accounts. The risk should be appropriate to the level of exposure and risk assessment of the customer and include the maintenance of clear underwriting records identifying the rationale for agreeing to each credit line level.

The Group uses customer's financial statements and other information (industry risk, business position perspective and other internal risks analyses) in assessing a customer's risk level. The key internal risk analyses include but are not limited to:

- Cash flow coverage analysis
- A standardised credit rating based on the financial information of the customer
- The most current data from local credit bureaus
- The customer Risk Class is updated monthly based on analysis of historical quality of customer payments to TIP.

All customers are monitored weekly by the finance and risk team and information about major overdue accounts is provided to the Management on a monthly basis.

A customer is moved to the status of the doubtful account when there is doubt of the future capacity of that customer or customer group to fulfil its payment obligations. For customers placed on the status of the doubtful account with an exposure exceeding a threshold (€0.5m), regional Finance Directors review all relevant risks and take appropriate actions to ensure any potential loss is mitigated. The evaluation may include but is not limited to, a summary of updated company financial information and projections, current contractual arrangements, analysis of the gap between net book value and fair value of an asset, site visits and review of an exit strategy if the asset is retrieved. The payment profile of these customers is closely monitored.

A customer who has filed for administration or bankruptcy, or has had legal action instigated due to overdue payments is classified as a doubtful account. All maintenance, services and other sundry offerings are stopped from the date of the classification as a doubtful account. The regional Finance Directors develop a plan to recover outstanding amounts and to retrieve any equipment. The Chief Financial Officer and the Credit Risk Director review and approve this plan.

When a customer is moved to the doubtful accounts, the existing trade receivables are impaired to profit or loss. For the non-doubtful accounts, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group writes-off the doubtful receivables, if:

- The Group receives information that customer does not have any assets to perform enforcement proceedings,
- The enforcement proceedings were discontinued,
- The probability to recover debt is remote and further collection costs are likely to be higher than the debt itself,
- Customer is bankrupt/insolvent and the Group's claim was registered.

Excessive risk concentration

Concentrations arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group considers concentration risk using two key measures:

- Percentage of customers owing more than €0.25m and €1.0m
- Concentration in different credit rating classes.

The summary of outstanding customers owing more than €0.25m and €1.0m is as follows:

	No. of customers owing >€0.25m	% of the non-impaired trade receivables	No. of customers owing >€1m	% of the non-impaired trade receivables
2023	83	62%	26	38%
2022	89	63%	27	37%

37. Significant external factors

Geopolitical conflict in the Ukraine

The Group is not directly impacted by the geopolitical conflict, as the TIP Group is not performing any operational activity in Ukraine and Russia.

The geopolitical conflict as well as the COVID-19 pandemic resulted in a significant increase in energy prices. These prices stabilised in 2023. The Group considers the energy price risk to be limited in 2024.

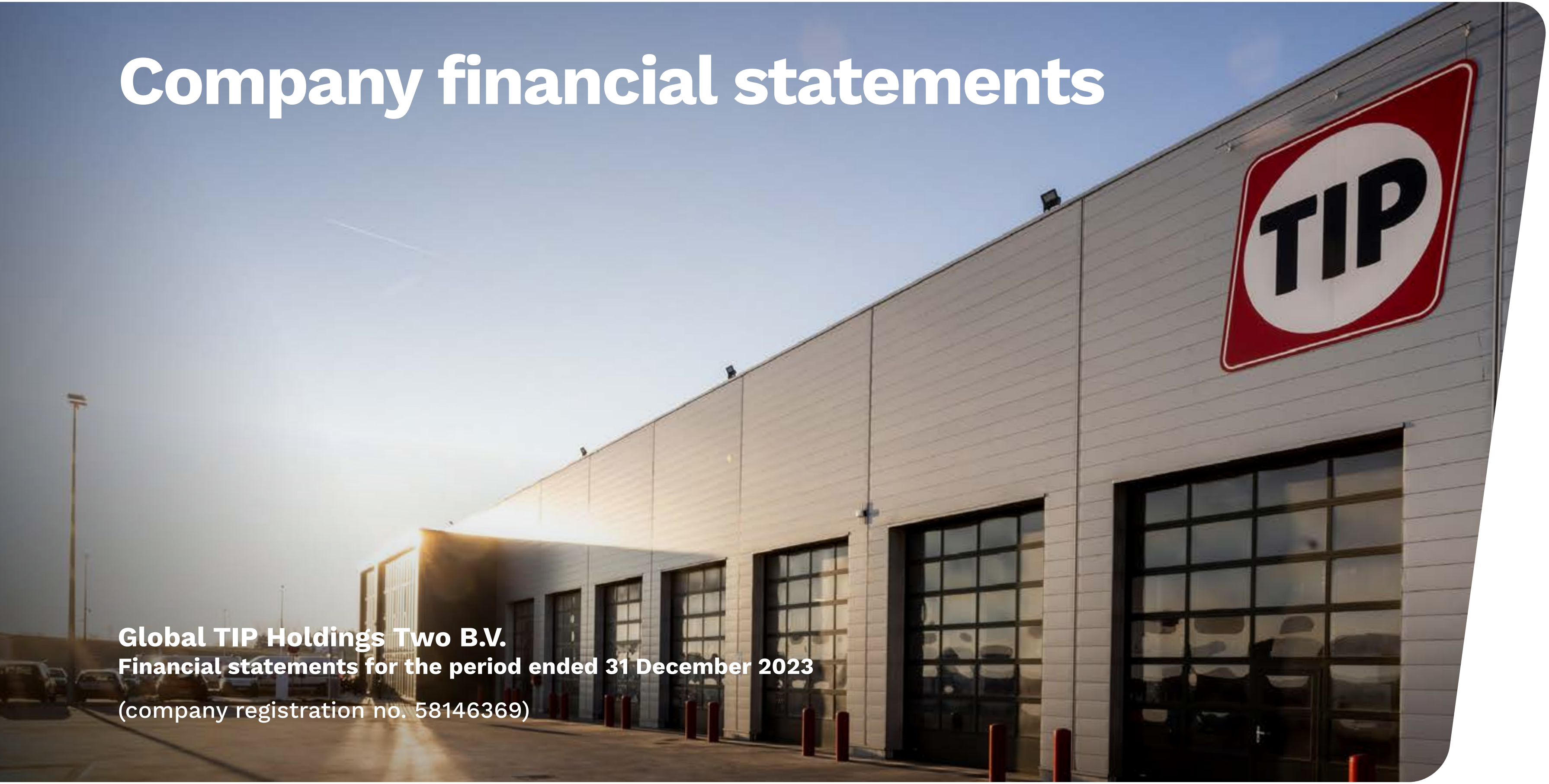
The Group constantly monitors the conflict in the Ukraine and its potential impact on the TIP Group and its customers.

38. Events after the reporting period

In January 2024, the Group acquired approximately 400 fleet units from EURO-Leasing GmbH in Germany.

On 29 February 2024, TIP Group acquired the workshop business of Carrosserie de la Sarthe in France.

Company financial statements



Global TIP Holdings Two B.V.

Financial statements for the period ended 31 December 2023

(company registration no. 58146369)

Statement of profit or loss

for the period ended 31 December

€m	Note	2023	2022
Revenue		–	–
Gross profit		**–**	**–**
Administrative and other operating expenses	I	(0.1)	–
Operating profit		**(0.1)**	**–**
Finance cost	II	(19.4)	(11.2)
Result before taxes		**(19.5)**	**(11.2)**
Taxation	III	5.0	3.2
Net profit from subsidiaries	IV	65.9	89.7
Net profit		**51.4**	**81.6**

Statement of financial position

at the period ended 31 December

€m	Note	2023	2022
Financial assets	IV	968.3	1,005.5
Non-current assets		**968.3**	**1,005.5**
Other receivables	VI	78.6	–
Current tax assets	VII	5.1	2.8
Current assets		**83.7**	**2.8**
Total assets		**1,052.0**	**1,008.3**
Borrowings	VIII	409.9	370.3
Non-current liabilities		**409.9**	**370.3**
Borrowings	VIII	–	–
Trade and other payables	IX	–	0.3
Current liabilities		**–**	**0.3**
Total liabilities		**409.9**	**370.6**
Net assets		**642.1**	**637.7**
Share capital	X	–	–
Share premium	X	477.1	477.1
Retained earnings	X	164.3	137.4
Other reserves	X	0.7	23.2
Equity		**642.1**	**637.7**

Statement of changes in equity

for the period ended 31 December

€m	Note	Share capital	Share premium	Retained earnings	Other reserves	Equity
At 1 January 2022		–	**432.1**	**80.4**	**5.1**	**517.6**
Net profit		–	–	81.6	–	81.6
Movement for the period	X	–	45.0	–	17.9	62.9
Dividend	X	–	–	(24.4)	–	(24.4)
Total comprehensive income		–	**45.0**	**57.2**	**17.9**	**120.1**
Reclass	X	–	–	(0.2)	0.2	–
At 31 December 2022		–	**477.1**	**137.4**	**23.2**	**637.7**
Net profit		–	–	51.4	–	51.4
Movement for the period	X	–	–	–	(22.7)	(22.7)
Dividend	X	–	–	(24.3)	–	(24.3)
Total comprehensive income		–	–	**27.1**	**(22.7)**	**4.4**
Reclass	X	–		(0.2)	0.2	–
At 31 December 2023		–	**477.1**	**164.3**	**0.7**	**642.1**

Notes to the company financial statements

Basis of preparation

The company financial statements are prepared according to the provisions in part 9, Book 2, of the Netherlands Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRS according to the provisions of Article 362 sub 8, part 9, Book 2, of the Netherlands Civil Code. For all the notes to the Company's balance sheet, reference is made to the notes to the consolidated balance sheet unless stated otherwise.

Significant accounting policies

The accounting policies set out before in preparing the consolidated financial statements are also applied in the company financial statements, except for the valuation of investments in subsidiaries. Investments in subsidiaries are accounted using the net asset value, based upon accounting policies used in the consolidated financial statements. When the Company's share of losses exceeds its interest in the subsidiary, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations, which are expected to result in an outflow of resources, or made payments on behalf of the subsidiary.

I. Administrative and other operating expenses

€m	2023	2022
Other expenses	0.1	–
Total	0.1	–

Audit and accounting advisor fees

These fees are disclosed in the consolidated financial statements (refer to note 13).

II. Finance cost

€m	2023	2022
Interest	19.2	11.0
Foreign exchange losses/(income)	0.2	0.2
Total	19.4	11.2

III. Taxation

The Company is part of the Dutch tax group for corporate tax purposes with Cube Transportation Europe Coöperatief U.A. as head of the tax group. The TIP entities Global TIP Finance B.V., TIP Trailer Services Netherlands B.V. and TIP Trailer Services Management B.V. are also part of the Dutch tax group. The Company is jointly and severally liable for all corporation tax liabilities resulting from the Dutch tax group in relation to the Dutch tax authorities. The current corporate tax benefit for 2023 is €5.0m (2022: €3.2m). Current taxes are determined at each individual entity of the Dutch tax group based on its taxable profit or loss for the period taking into account permanent and temporary differences for the period. Deferred taxes for each individual entity of the tax group are determined on an individual basis taking into account temporary differences on a stand-alone basis. The forecasted profits of the Dutch tax group are used for the recognition of deferred tax assets.

IV. Financial assets

€m	2023	2022
Investments in subsidiaries		
At 1 January	**1,005.5**	**891.9**
Capital increase in subsidiaries	3.3	45.0
Capital decrease in subsidiaries	(30.6)	–
Cash flow hedge (net of taxation)	(23.5)	25.9
Foreign exchange movements	0.8	(8.0)
Acquisition	–	10.4
Net profit from subsidiaries	65.9	89.7
Dividend received	(53.1)	(49.4)
At 31 December	**968.3**	**1,005.5**
Total	**968.3**	**1,005.5**

V. Discontinued operations

On the 15th of December 2023, TIP Group had concrete plans to sell TIP Fleet Services Canada Ltd., a wholly owned subsidiary, to Star Leasing in the USA. The sale of TIP Canada allows the Canadian business to further enhance its footstep and offerings in the North American market. The transaction is expected to be completed towards the end of the first quarter of 2024 via a share deal.

The results of discontinued operations are as follows:

€m	2023	2022
Net profit	31.2	34.4
Net assets directly associated with the disposal group	345.9	–

VI. Other receivables

€m	2023	2022
Loan receivable	76.7	–
Withholding tax receivable	1.9	–
Total	**78.6**	**–**

The loan receivable has a maturity of 90 days. The interest rate is set out as Euribor +0.7% excluding administration expenses and the interest period is 1 month.

VII. Current tax

Current tax assets represent tax receivables as part of the Dutch tax group. Current tax asset movements are as follow:

	2023	2022
At 1 January	**2.8**	**1.9**
Current tax charge for the period	5.0	3.2
Settlement of tax losses with tax group	(2.7)	(2.3)
At 31 December	**5.1**	**2.8**

VIII. Borrowings

The Company has the following borrowings from Global TIP Finance B.V., Amsterdam, the Netherlands.

€m	2023	2022
Borrowing 1	409.9	370.3
Total	**409.9**	**370.3**
Current	–	–
Non-current	409.9	370.3

Borrowing 1: Maturity until 31 December 2025. The interest rate is set out as Euribor +1.91% (excluding administration expenses), and the interest period is three months.

IX. Trade and other payables

The Company has the following trade payables.

€m	2023	2022
Other	–	0.3
Total	**–**	**0.3**
Current	–	0.3
Non-current	–	–

X. Equity

a) Issued capital

€	2023	2022
Authorised shares		
Ordinary shares 1,000 of €0.01 each	–	–
Ordinary shares issued and fully paid	10.0	10.0
At 1 January and 31 December	**10.0**	**10.0**

b) Retained earnings

€m	2023	2022
At 1 January	**137.4**	**80.4**
Net profit for the period	51.4	81.6
Dividend	(24.3)	(24.4)
Reclass - Internal software reserve	(0.2)	(0.2)
At 31 December	**164.3**	**137.4**

During 2023, Global TIP Holdings Two B.V. distributed to its shareholder (Cube Transportation Europe Coöperatief U.A.) a dividend of €24.3m as an appropriation of profit from its retained earnings.

c) Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Internal software reserve	Total
At 1 January 2022		**(4.3)**	**(1.7)**	**11.1**	**5.1**
Movement for the period		(8.0)	32.9	–	24.9
Tax impact	16.2	–	(7.0)	–	(7.0)
Reclass from/(to) retained earnings		–	–	0.2	0.2
At 31 December 2022		**(12.3)**	**24.2**	**11.3**	**23.2**
Movement for the period		0.8	(29.1)	–	(28.3)
Taxation	16.2	–	5.6	–	5.6
Reclass from/(to) retained earnings		–	–	0.2	0.2
At 31 December 2023		**(11.5)**	**0.7**	**11.5**	**0.7**

All other reserves are legal reserves and are non-distributable by the Company pursuant to the provisions of Part 9, Book 2, of the Dutch Civil Code. There are no statutory reserves prescribed in the Articles of Association of the Company. The internally software reserve relates to attributable internal working hours to generate this software.

In anticipation of the annual general meeting of shareholders adopting the annual financial statements, it is proposed that the 2023 net profit, amounting to €51.4m, will be added to the retained earnings. The proposed profit appropriation has not been recognised in the balance sheet as of 31 December 2023.

XI. Other

Compensation of key management personnel of the Company

The Company had no employees during 2023 and paid neither salaries nor directors' emoluments.

Financial risk management

Management's approach is covered in the consolidated financial statements (refer to note 36).

Events after the reporting period

These events are covered in the consolidated financial statements (refer to note 38).

Board of directors of Global TIP Holdings Two B.V.

Amsterdam, 12 March 2024
Represented by

Gerard Reinder Kraaij
Director

Hiske Damhuis
Director

Robert Alain Fast
Director

Johannes Jacobus Maria van Lierop
Director

Other information

Profit appropriation pursuant to the articles of association

In accordance with Articles 11.1 and 11.2 of the Articles of Association of the Company, the profit of the financial year is at the free disposal of the General Meeting of Shareholders. The General Meeting of Shareholders may also make interim distributions insofar the equity exceeds the reserves that must be maintained by law.

Independent auditor's report

To: the shareholder of Global TIP Holdings Two B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2023 of Global TIP Holdings Two B.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Global TIP Holdings Two B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Global TIP Holdings Two B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023.
- the following statements for 2023: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flows.
- the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2023
- the company statement of profit or loss for 2023
- the notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Global TIP Holdings Two B.V. (the company) in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the management process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.

We refer to section Managing our risk of the annual report for the management risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the TIP code of conduct, the TIP Financial Integrity Policy and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 4 ‘Significant accounting judgments, estimates and assumptions’ to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks, we presumed that there are risks of fraud in revenue recognition. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance and human resources.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and remained alert to any indication of (suspected) non-compliance throughout the audit. We have been informed by the board of directors that there was no correspondence with regulatory authorities. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Going concern' in Note 2 (a) to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the management exercising professional judgment and maintaining professional skepticism. We considered whether the management going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the management for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management is responsible for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the shareholder either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtaining 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

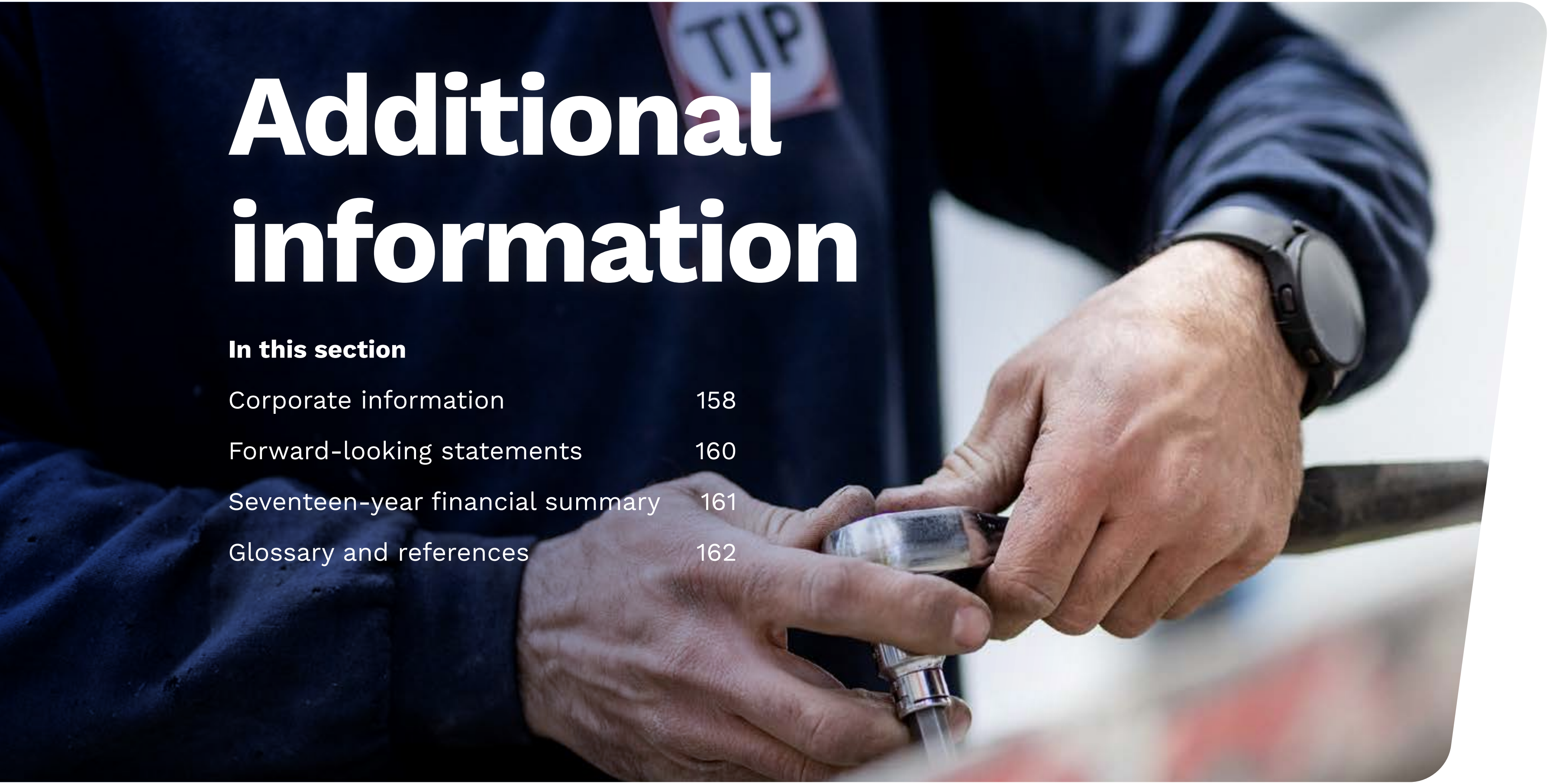
Communication

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 12 March 2024

Ernst & Young Accountants LLP

Signed by W. Smit



Additional information

In this section

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THE GLOBAL COMPACT
WE SUPPORT

Main banking partners

ABN·AMRO
COMMERZBANK
中国银行 BANK OF CHINA
NIBC
KBC Bank & Verzekering
Deutsche Bank
Santander
UniCredit
NatWest
AIB
ING
HSBC
J.P.Morgan
ICBC
CIC
Rabobank
SMBC
LBBW
SOCIETE GENERALE
BBVA

Main term loan financing partners

RIVAGE INVESTMENT
NN investment partners
a.s.r. de nederlandsche verzekering maatschappij voor alle verzekeringen
GREAT-WEST FINANCIAL
BARINGS
NEUBERGER BERMAN

Key banking and financing partners

BARCLAYS
LOMBARD
DLL financial solutions partner
MAN FINANCIAL SERVICES
SIEMENS
JYSKE BANK
CaixaBank
VOLVO Financial Services

Other banking and financing partners

CAPITOLE FINANCE - TOFINSO
TARGO BANK
Transics
abcfinance
PACCAR
Leasing
Danske Bank

Forward-looking statements

Our annual report contains certain forward-looking statements, estimates and projections that are subject to significant risks, uncertainties and assumptions concerning both business and external economic factors, and as such are difficult to predict.

Actual results will vary from the anticipated results and, as such, variations may be material. The information has been provided in good faith using information available up to the date the Board of Directors approved this report. TIP, the Board of Directors and Senior Leadership Team give no assurances that these expectations will prove to be correct. Except as required by law or regulation, TIP, the Board of Directors and Senior Leadership Team undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Seventeen-year financial summary

€m	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016[1]	2017	2018	2019	2020	2021	2022	2023[5]
Profit or loss																	
Revenue	**503**	**502**	**401**	**398**	**375**	**351**	**323**	**326**	**372**	**441**	**517**	**565**	**626**	**914**	**955**	**1,134**	**1,250**
Contribution	305	320	238	222	219	194	159	160	175	216	268	294	327	500	536	633	656
Operating expenses	(85)	(80)	(66)	(57)	(55)	(53)	(48)	(61)	(65)	(72)	(76)	(75)	(84)	(107)	(106)	(121)	(132)
EBITDA	**220**	**240**	**172**	**165**	**164**	**141**	**111**	**99**	**110**	**144**	**192**	**219**	**243**	**393**	**430**	**512**	**524**
Operating profit/(loss)	**29**	**36**	**(24)**	**1**	**22**	**20**	**16**	**57**	**40**	**41**	**53**	**60**	**53**	**87**	**118**	**172**	**169**
Balance sheet																	
Net operating assets	**1,338**	**1,333**	**1,104**	**861**	**686**	**563**	**359**	**464**	**649**	**889**	**971**	**1,123**	**1,973**	**1,872**	**1,892**	**2,139**	**2,548**
Net borrowings	-	-	-	-	-	-	232	258	449	667	742	883	1,591	1,480	1,586	1,756	2,131
Equity	-	-	-	-	-	-	208	519	544	552	573	304	541	528	518	638	642
Cash flow																	
Fleet investment	396	285	38	21	14	19	37	137	195	276	237	272	251	265	301	536	644
Acquisitions	-	-	-	-	-	-	-	17	44	149	9	67	865	-	11	115	101
Other investment	5	5	7	9	5	6	6	28	38	29	18	24	31	30	14	15	31
Fleet sales	(77)	(57)	(47)	(61)	(43)	(35)	(28)	(27)	(28)	(36)	(45)	(35)	(40)	(85)	(65)	(77)	(117)
Net investment	**324**	**233**	**(2)**	**(31)**	**(24)**	**(10)**	**15**	**155**	**249**	**418**	**219**	**328**	**1,107**	**210**	**261**	**589**	**659**
Metrics:																	
Operational																	
ADR in €	15.4	15.6	15.2	15.6	16.5	17.1	16.8	17.1	18.1	16.5	16.3	17.0	18.3	19.2	19.7	21.3	22.4
UTE	91%	87%	74%	82%	91%	86%	84%	82%	84%	86%	89%	91%	91%	87%	93%	94%	89%
Opex % of revenue	17%	16%	16%	14%	15%	15%	15%	19%	18%	16%	15%	13%	13%	12%	11%	11%	11%
Profitability %																	
Contribution	61%	64%	59%	56%	59%	55%	49%	49%	47%	49%	52%	52%	52%	55%	56%	56%	52%
EBITDA	44%	48%	43%	41%	44%	40%	34%	30%	30%	33%	37%	39%	39%	43%	45%	45%	42%
Operating profit	6%	7%	(6%)	-	6%	6%	5%	18%	11%	9%	10%	11%	8%	10%	12%	15%	13%
Asset returns																	
RoIC	2.1%	2.7%	(1.9%)	0.1%	2.9%	3.3%	3.6%	13.9%	7.2%	5.3%	5.6%	5.8%	3.4%[2]	4.5%	6.2%	8.0%	7.2%
Capital efficiency	16%	18%	14%	17%	21%	23%	24%	24%	20%	19%	21%	21%	16%[3]	20%	23%	24%	21%
Financing																	
Net leverage ratio	-	-	-	-	-	-	64%	56%	69%	75%	76%	79%	81%	79%	84%	82%	84%
Gearing ratio	-	-	-	-	-	-	53%	33%	45%	55%	56%	74%	75%	74%	75%	73%	77%
Net borrowings/EBITDA	-	-	-	-	-	-	2.1x	2.6x	4.1x	4.6x	3.9x	4.0x	6.5x[4]	3.8x	3.7x	3.4x	4.1x

[1] Excludes one-time indemnification and recovery, see Glossary for further explanation.
[2] 4.2% after normalising the timing impact of the PEMA and Trailer Wizards acquisitions.
[3] 20% after normalising the timing impact of the PEMA and Trailer Wizards acquisitions.
[4] Increase driven by the timing of the PEMA and Trailer Wizards acquisitions in December 2019.
[5] The figures reflect continuing and discontinued operations.

Glossary and references

Definitions and key alternative financial measures that supplement generally accepted accounting principles and terms.

The glossary of terms below sets out definitions of terms used throughout the MD&A section, including information derived from consolidated financial information but not presented in our financial statements prepared in accordance with IFRS. Specifically, we have referred, in various sections of this report, to:

Acquisitions

Acquisitions comprise business combinations and asset acquisitions not qualified as business combinations under IFRS, principally where we acquire existing/new customer contracts together with the fleet they are leasing or renting

Branch

A physical location where lease, rental and maintenance are provided, having branch management, front office service delivery and back office maintenance management. Often located with a TIP workshop

Capital efficiency

EBITDA divided by average net operating assets, which we believe to be a useful metric for measuring cash returns

Capital expenditures (capex)

Capex refers to fleet additions and customisation, but excludes asset acquisitions that do not qualify as business combinations under IFRS

Cube Transportation

Refers to Cube Transportation Europe Coöperatief U.A., the immediate shareholder of Global TIP Holdings Two B.V.

Cube Transportation Board

Refers to the Cube Transportation Supervisory Board and Management Board

Damage protection

Damage protection is our customer damage waiver programme offered on our own equipment only. As such, it is not an insurance product, nor is it regulated. In general, we operate an own book programme. In some cases, however, we take insurance against these damage risks where we deem it economically appropriate to do so. The price of damage protection is set in each market based on prevailing local market conditions, after having determined appropriate levels of insurance cover, if any, and the expected costs of managing and settling damages

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

We believe EBITDA to be a useful measure for management and stakeholders to indicate the potential cash generation of our business from operating activities, and it is commonly used within our business to assess financial performance

Fleet usage and composition

The table below provides an overview of the principal usages of our fleet by type and related definitions:

Asset		Description	Definitions
Curtainsider		General transport of goods not requiring high security	Curtainsider, flat, tilt, other trailer
Reefer		Temperature-controlled goods - food, electronics and flowers	Reefer and temperature-controlled trailer
Van		General transport of goods requiring high security and for parcels	Van, bulker
Chassis		Transport of swapbodies and containers	All chassis
Swapbody		Intermodal transport	Swapbody, excluding tanker swapbody
Truck		Power units	All power driven units, truck, tractor, rigid, shunt truck, commercial vehicle, EV, excluding waste tanker and any truck with tanker attached
Tanker		Transport of liquids, powers and waste	Tanker, waste tanker, tanker swapbody, any truck with tanker attached
eLCV		Electric light commercial vehicle	Electric light commercial vehicle

GE Equipment Services

Was a multi-product commercial transportation and construction equipment leasing and rental division of General Electric (GE). GE Equipment Services contained various trading divisions including TIP, GE Rail Services, GE Key Lease, GE Modular Space, TLS Van Rental, GE Plant Hire and GE Fleet Services. TIP was owned by GE from 1993 until 2013

Gearing ratio

Net borrowings divided by equity plus net borrowings. This measure enables investors to assess the level of risk in the financial structure of our business

I Squared Capital

An independent global infrastructure investment manager, with over $33bn of assets under management, which focuses on the energy, utilities and transportation sectors in the Americas, Europe and Asia

Leasing backlog years

Refers to committed revenue at the end of the year divided by leasing revenue for that year

Management Board

Refers to the Management Board of the Shareholder

Mobile service unit (MSU)

Service van equipped with tools to undertake maintenance and repair when equipment breaks down on the road, or for scheduled and unscheduled maintenance

Net assets

Total assets after deducting all liabilities, as presented on the balance sheet in the financial statements section of this report. It is equivalent to equity

Net borrowings

Gross borrowings less cash and equivalents

Net leverage ratio

Net borrowings divided by net operating assets. This measure enables investors to assess the level of risk in the financial structure of our business

Net operating assets

Total assets after deducting cash, financial assets, intangibles and non-borrowings liabilities

Non-borrowings liabilities

Total liabilities after deducting borrowings and derivatives

One-time indemnification and recovery

In January 2017, an inactive distressed customer paid €9m for a combination of an indemnification for damages (€5m), fleet sales (€2m) and unpaid account receivables (€2m), which were provisioned in 2013. Over a number of years, the Group’s legal and risk teams used various ‘out of court’ debt recognition processes and several land and property charges to successfully secure this payment. This transaction was recorded in the 2016 financials

Operating expenses (opex)

Refers to the sum of employee benefit expenses and other operating expenses. Refer to notes 10 and 11 of the financial statements

Operating profit

Refers, in the MD&A section, to the underlying operating profit, which is defined as operating profit as reported excluding exceptional items and amortisation of intangible assets

Return on Invested Capital (RoIC)

Operating profit divided by average net operating assets. We believe that RoIC is the key measure for any leasing, rental and services business through the economic cycle, and the best medium-term indicator of the strength of the business

Shareholder

Refers to Cube Transportation, our direct shareholder. Our ultimate shareholder is ISQ Global Infrastructure Fund II, a limited partnership managed by I Squared Capital

Strategic matters

Comprises, among other things, the reserve matter listed under the articles of association of the Shareholder

Supervisory Board

Refers to the Supervisory Board of the Shareholder

The Board

Refers to the Board of Directors of Global TIP Holdings Two B.V.

The Boards

Refers to the Supervisory Board, Management Board and the Board

Workshop

A physical location where maintenance and repair work is performed by mechanics, supported by a workshop manager and back office support. Work is performed on TIP’s own equipment as well as on 3rd party assets. Sometimes located at the same site as a TIP branch

Definitions and descriptions of KPIs and fifteen-year financial summary

The following are key performance indicators not defined elsewhere in this annual report or where additional clarification may help the reader:

Revenue, operating profit and profitability KPIs

These are measured on an underlying basis

European Transport Board (ETB)

The ETB is a group of leading European transport and logistics companies. The Board’s stated mission is to help reduce the environmental impact of road freight, cut down on congestion, increase road safety and improve the industry’s overall effectiveness and efficiency.

Other terms and abbreviations

ABS	Asset-backed securitisation
ADR	Average daily rate
AMLAT	Anti money laundering anti-terrorism
BI	Business Intelligence
COVID-19	Coronavirus disease 2019
EAuM	Equivalent asset under management
EHS	Environmental health and safety
EMT	Executive Management Team
ESG	Environmental, Social & Governance
EY	Ernst & Young Accountants LLP
FLB	Funding lease book
GDPR	General Data Protection Regulation
IFRS	International Financial Reporting Standards
IT	Information technology
KPI	Key performance indicator
KYC	Know your customer
Leasing	Term of lease is greater than one year
M&R	Maintenance and repair
PP&E	Property, plant and equipment
RCF	Revolving credit facility
Rental	Term of lease is one year or less
SLT	Senior Leadership Team
TIP	Trading name of Global TIP Holdings Two B.V. and subsidiaries
TL	Term loan
UTE	Utilisation
VP	Vice President


TIP

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TIP provides a wide variety of products and services for transportation and logistics customers through its 146 locations across 18 countries. Our services include everything from specifying and sourcing of equipment to lease and rental, daily operations, maintenance and repair, as well as the buying and selling of used assets.

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