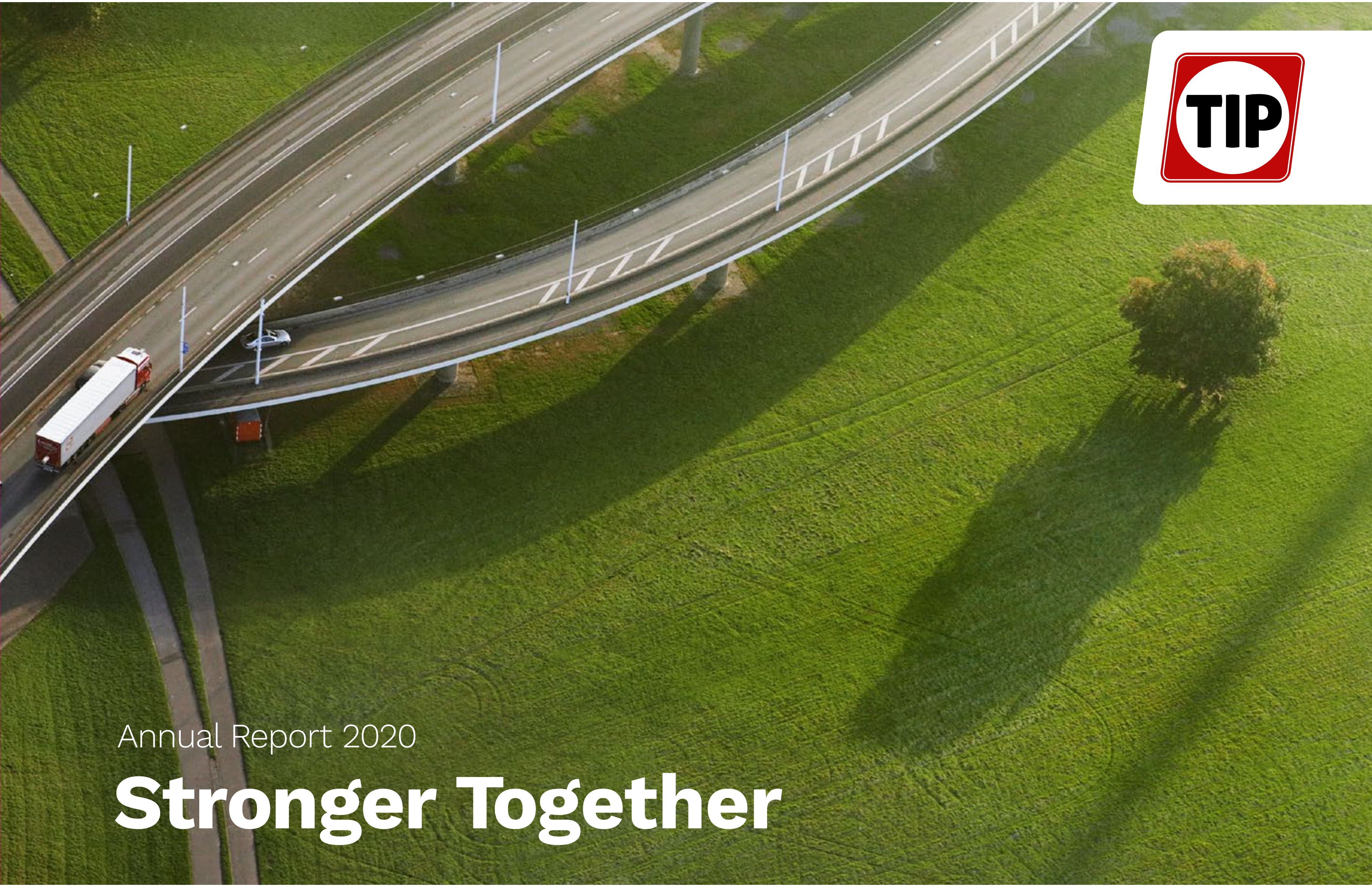

Annual Report 2020

Stronger Together

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 were determined, 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 during the past year and in previous years

Reporting improvements

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

Added compliance risks as a fourth main risk pillar in the risk section, and made the whole section more reader friendly

Incorporated a Sustainability section to reflect our commitment to the Sustainable Development Goals (SDGs) of the United Nations

Comprehensively assessed the implications resulting from the COVID-19 global pandemic on our business

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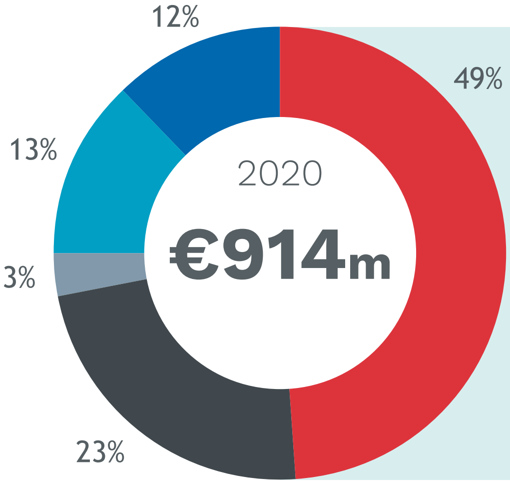
At a glance

Numbers versus 2019



Revenue

EBITDA

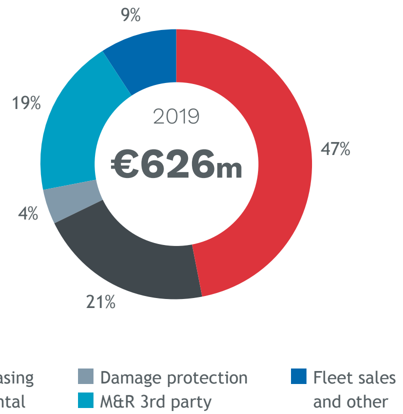
€393m

€243m

ADR

€19.2

€18.3



Employees
At year end

3,025

2,832

Workshops

110

119

~3,000,000
Work orders handled

~1,400,000
Internal workshop events

Net operating assets

€1,872m

€1,973m

Fleet investment

€265m

€251m

Gearing ratio

74%

75%

Branches

102

111

UTE

87%

91%

MSUs

268

261

We are TIP

TIP is one of Europe and Canada's leading equipment service providers. We specialise in trailer and truck leasing, rental, maintenance and repair, as well as other value-added services, and provide these to transportation and logistics customers across all our markets. Headquartered in Amsterdam, we service our customers from 129 locations spread over 18 countries in Europe, and Canada.

With approximately 108,000 units in our fleet, TIP is considered an industry leader, with one of the largest and most diverse trailer and truck fleets in Europe and Canada. In addition to maintaining our own fleet, we also provide maintenance and repair, together with other value-added services, for approximately 55,000 equivalent units belonging to our customers.

Our pan-European and Canadian reach enables us to guarantee convenience and flexibility to our customers, as we have the capabilities to serve them wherever and whenever they need us.

Information from www.tipeurope.com

Furthermore, our business scale allows us to provide customers with competitive offerings.

With more than 50 years of experience, we are experts in providing all the services that customers require during the life cycle of transportation equipment, making us a one-stop-shop for all our customers' equipment needs.

Our services include everything from specifying and sourcing equipment, to financing, daily operations, telematics-based digital and connected services, maintenance and repair, in addition to the buying and selling of used assets. Our customers therefore only need to work with one service partner, which simplifies their fleet management and enables them to focus on their core business activities.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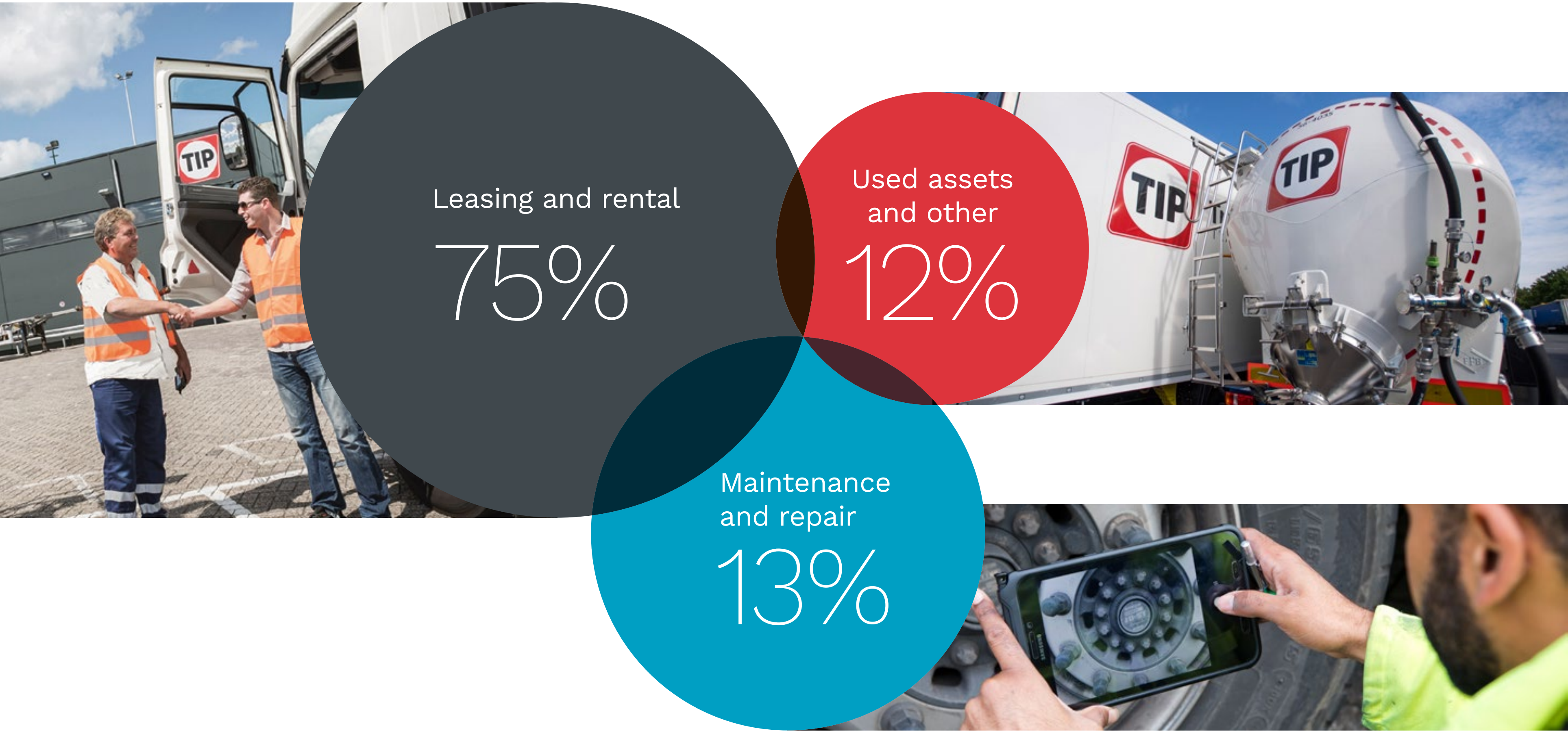
Our services



Leasing and rental

Our fleet has approximately 108,000 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 add true value.

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

Damage protection: we provide a suite of tailor-made services to protect our customers' businesses against the cost of accidental damage, fire, theft, or total loss caused to leased and rented equipment.

Maintenance and repair (M&R)

We have a proud history of maintaining equipment for more than 50 years. This proven experience provides a solid base with extensive expertise for our M&R services.

Our extensive pan-European and 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 pan-European breakdown recovery service for transportation equipment offers round-the-clock, multi-language support, 365 days per year.

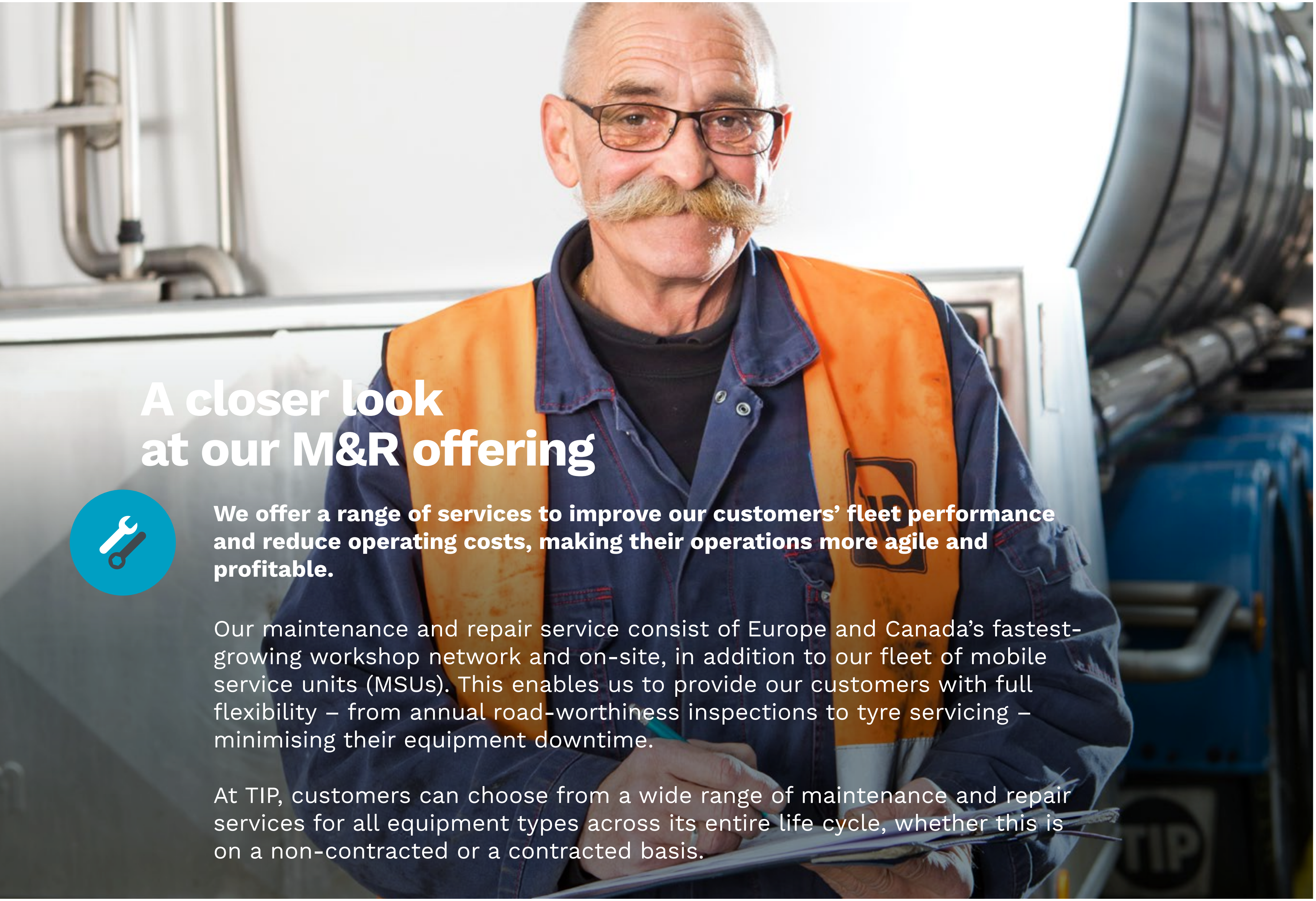
All maintenance and repair services are offered on both a contracted or non-contracted basis. This allows our customers to choose the solution that best suits their needs.

Used assets and other

We offer a comprehensive range of high-quality 2nd-hand trailers and trucks from our own fleet, as well as from 3rd-party fleets across Europe and Canada. Our dedicated Remarketing team looks after the sale of used equipment. We offer a wide range of equipment and specifications from locations across Europe and Canada.

Find out more at www.tip-sales.com

In 2020, together with TIP Insight, we launched a new product, offering a range of telematics-based digital and connected services that take trailer telematics to the next level. This will enable us to create a more transparent, more efficient and safer transportation ecosystem.



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.

Our maintenance and repair service consist of Europe and Canada's fastest-growing workshop network and on-site, in addition to our fleet of mobile service units (MSUs). This enables us to provide our customers with full flexibility – from annual road-worthiness inspections to tyre servicing – minimising their equipment downtime.

At TIP, customers can choose from a wide range of maintenance and repair services for all equipment types across its entire life cycle, whether this is on a non-contracted or a contracted basis.

Experience brings expertise

Our experience in maintaining equipment for more than 50 years provides a solid base, with extensive expertise in the maintenance and repair services we provide. Preventative maintenance services, be they performed in one of TIP's many European or Canadian workshops or on-site through TIP's ever-growing fleet of mobile service units, are performed by fully qualified and certified mechanics. This enables us to provide our customers with the most flexible service possible and complete peace of mind.

Transparent and flexible

TIP's maintenance solutions are also designed to give our customers maximum flexibility. Our standard maintenance includes an all-inclusive fixed rate for most standard maintenance operations related to regulatory inspections, equipment checks, EBS/ABS diagnostics, servicing of brakes, axles, suspensions, signage, electrical components, reefer engines, tail-lifts, or regular body repair work. If desired, billing can be consolidated in single monthly invoices with fully itemised work records to streamline administrative workload and costs. Maintenance rates can be contractually agreed and harmonised across multiple locations or agreed on a volume/spend basis.

The advantages of our maintenance and repair service:

- Easy-to-plan costs due to fixed prices
- Increased uptime and asset utilisation of customer fleet
- A team of certified technicians dedicated to maintenance and repairs service requirements
- All customer safety and compliance requirements are met

What is included in our maintenance service?

- Regulatory inspections
- Periodic equipment checks and inspections for brakes, axles and general trailer and truck body, based on manufacturers' recommendations and expected annual mileage
- Management of maintenance and repairs
- Tyre maintenance
- Roadside assistance
- Damage repair management
- Reefer engine servicing
- Tail-lift servicing

"With specialised and certified technicians and well-equipped workshops in Europe and North-America, TIP provides top of class maintenance and repair services."

Where we operate

UK and Ireland

2020 - Branches: 17 (17) / Workshops: 21 (21) / Combined EAuM: 32k (32k)

Benelux

The Netherlands and Belgium

2020 - Branches: 6 (6) / Workshops: 15 (15) / Combined EAuM: 19k (20k)

Mediterranean

France, Italy and Spain

2020 - Branches: 21 (21) / Workshops: 23 (23) / Combined EAuM: 23k (23k)

Central Europe

Germany, Austria, Switzerland, Poland, Czech Republic and Romania

2020 - Branches: 31 (34) / Workshops: 23 (24) / Combined EAuM: 34k (36k)

Nordics

Denmark, Norway, Sweden and Finland

2020 - Branches: 14 (14) / Workshops: 15 (16) / Combined EAuM: 22k (22k)

Canada

2020 - Branches: 13 (19) / Workshops: 13 (20) / Combined EAuM: 33k (34k)

(-) Represents the 2019 numbers.

Our history

1968
Began as Transport Pool, with branches in the Netherlands and Canada[1]

1971
Listed

1975 – 1976
Acquired by Gelco Corporation
Renamed Transport International Pool (TIP)

1986 – 1987
Sold to a management and investor consortium

1989
Listed

1993
Acquired by

1994 – 1997

Embarked on an acquisition strategy

2003 – 2008

Bob Fast appointed CEO

Entered into 3rd party M&R services segment

2009 – 2012

Right-sizing the business, fleet reduced to a low of 43,000 units

2013 – 2014

Acquired by HNA

Establishment of global RCF, ABS and FLB funding facilities

2015 – 2018

Acquisition of THT Twan Heetkamp Trailers / Train Trailer

Acquired by I Squared Capital

Acquisition of Grayrentals

2019 – 2020

Acquisitions and integration of PEMA and Trailer Wizards

Fleet peaked at 111,000 units

Refinancing and expansion of our global RCF and ABS facilities

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


TIP
TIP

Our business model

In this section

Value creation

How we create value and growth

We aim to offer first-class services to our customers, and to become both the equipment provider of choice and most trusted advisor in the transportation and logistics industry. To achieve this, we offer a wide variety of services throughout the whole equipment life cycle. These range from high-quality parts and maintenance services in our workshops, to a full range of leasing and rental service offerings, as well as the complete outsourcing of fleet management solutions.

People
We create a passionate environment where industry expertise, innovation, talent, leadership and analytical skills come together to create winning solutions for our customers

Assets
We have the right equipment, at the right locations, at the right time and in good condition for our customers

Platform
We have the right tools to create insights for our customers, we offer high-quality, flexible solutions and proactive advice at multiple locations across Europe and Canada

Service
We are able to offer tailor-made service levels to a wide variety of customers with different needs (from transactional to value-add)

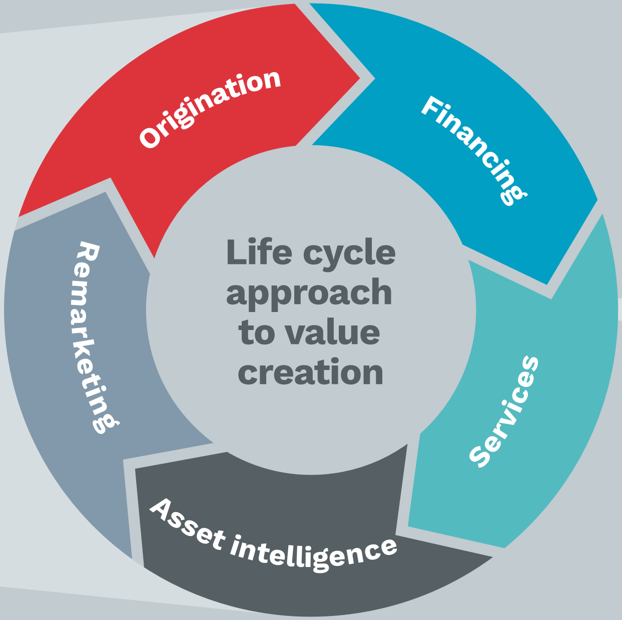
Four pillars provide the foundation of our asset life cycle business model:
Our **people** enable us to offer a broad range of **assets** according to the needs of our customers at the highest **service** standards, supported by our extensive network and customer **platform** FLEETRADAR.

- Expertise - consulting
- Asset specifications
- Choice of suppliers
- Sourcing experience

- Range of options
- Leasing
- Rental
- Sale and leaseback

- Dedicated team with over 100 years of collective experience
- Over ~40k units sold since 2015

- Comprehensive fleet services
- Robust maintenance network (owned and outsourced)
- 24/7 roadside assistance



- Customer platform FLEETRADAR for direct fleet monitoring
- TIP INSIGHT for extensive telematics-based digital and connected services

We create sustainable value for our stakeholders

Customers

We aim to help our customers drive their businesses forward, supporting their fleet and maintenance needs as their business changes and grows

Revenue **€914m**

Employees

We provide a safe working environment, fair remuneration packages, professional development opportunities and clear communication to our people

Employee benefits **€152m**

Investors and lenders

We provide investors and lenders with regular updates so that they are able to make informed investment decisions. We communicate regularly with analysts, our shareholders and lenders, and ensure that we allocate capital efficiently at rates that provide appropriate returns for our shareholder and lenders

EBITDA **€393m**

Interest paid **€44m**

Suppliers

We maintain close working relationships with our suppliers, and aim to be a responsible business partner. This allows us to effectively execute our strategy, as well as supporting our suppliers' businesses

Supplier payments **~€341m**[1]

Communities

We are committed to making the UN Global Compact principles part of our strategy, culture, values, and day-to-day operations of our company

THE GLOBAL COMPACT

[1] Excluding taxes.

Managing our risk

Taking risk is an inherent component of our business, as we aim to maximise economic benefits for our stakeholders. Having a structured and rigorous risk management process enables us to approach various risks in a controlled manner. Over more than 50 years, we have built up our operations and strengthened our platform through a rigorous approach to processes, systems and risk management.

The risk environment affected by COVID-19 was challenging and resulted in an upward trend for certain risks. The Executive Management Team (EMT) took appropriate measures aiming to mitigate those risks.

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

We approach risk management as follows:

- The Board is responsible for the overall risk management strategy, together with the supervision of internal risk management and control systems. To further enhance effectiveness and efficiency, the Cube Transportation Board established an Audit Committee with the specific mandate to review financial reporting, our relationship with TIP's external auditor, internal control, EHS compliance, other regulatory compliance and risk management
- The EMT monitors 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
- Strict internal controls are embedded in the processes at an operational level to ensure risk assessment, identification and mitigation
- Risk awareness and compliance are embedded in our company culture through regular training

Our risks at a glance

Main risk pillars			
Strategic	Financial	Operational	Compliance
A Economic conditions B Market developments C Competition D Integration risk	E Strategic financing F Credit risk	G Company digitisation H Cybersecurity I People J Residual value	K Laws and corporate governance L Safety

Risk management structure	
The Board	
Executive Management Team	Risk Assurance and Internal Audit
Operational level	

	Risk description	Risks	Appetite / Impact / Likelihood	Mitigations and action plans	Impact after mitigation
A Economic conditions	The demand for our products and services is highly dependent on general economic conditions in Europe and Canada	• Adverse changes in economic conditions • Global COVID-19 pandemic • Political instability • Brexit • Low borrowing costs affecting customers' lease or buy decisions • International trade tariffs/restrictions	M/H/M Trend ↑	• Continuous monitoring of market trends • Customer base deconcentration • Diversification of products and services • Geographic coverage • Flexible debt facilities	M
B Market developments	We may fail to respond adequately or in a timely manner to innovative technological changes within our industry	• New market entrants or new emerging disruptive services or technologies • New customer needs, such as telematics, integrated solutions, digitisation • Inability to meet (new) customer needs • Inappropriate strategies • Poor investment decisions • Inability to implement new solutions	M/M/M Trend ↑	• Continuous innovation efforts • Digital partnerships • Integrated solutions (TIP INSIGHT) • Regular strategic reviews • Pre- and post- investment assessments	M
C Competition	The markets in which we operate are fragmented and competitive	• Loss of market share • Aggressive strategies of competitors • Leasing competition from low-cost funders, banks and manufacturers	M/M/L Trend →	• Continuous monitoring of market share and competitors' 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 (IT), finance and culture • Lack of expected synergies/benefits • Poor integration planning and execution • Loss of key employees/customers of 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 **Strategic financing**	We require capital to grow, renew our fleet, for acquisitions, new branches/ workshops and other strategic investments	• Failure to maintain or extend access to financing facilities • Lack of funding to grow profitably • Excessive finance costs • Poor utilisation of available sources of funds (RCF, ABS, FLB, TL) • Poor investor relations management	L/H/L Trend →	• Maintenance of appropriate gearing ratio of 75% • Diversified and flexible debt facilities (RCF, ABS, FLB, TL) • Regular liquidity forecasts • External Financing Committee (EFC) to review funding relationships, options, strategy and compliance	M
F **Credit risk**	The risk that a customer is not able to pay debts owed under a contract or for delivery of a service	• Inappropriate customer's screening or rating • Customer's default or insolvency • Changes in the operating efficiency of our customers due to COVID-19 • Customer's fraud or money-laundering	M/M/M Trend ↑	• Strong Credit Management team and processes • Multiple resources to evaluate customers • Deconcentrated customer base • Low historical credit losses • A substantial proportion of customers pay via direct debit • KYC and AMLAT processes	L
G **Company digitisation**	The risk that current processes and systems are not fit-for-purpose and cannot be scaled for future growth	• Insufficient transformation progress • Cost overruns • New/non-integrated systems and applications through acquisitions • Extensive manual efforts • 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 upgrading and consolidation of our systems, including changes to and/or replacement of legacy systems	M
H **Cyber-security**	Threats to the confidentiality, integrity or availability of our networks, systems or (customer) data caused by cyber attacks or other breaches of our systems	• Cyber attacks • Serious data security incidents • Technical IT system failure • Digitisation of the company • Digitisation of customer solutions • IT integrations	L/M/M Trend →	• IT business continuity and disaster recovery plans • Information security governance • Continuous improvement of security programs • Employee awareness trainings	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
I People	Attracting and retaining good people is essential to delivering excellent performance and excellent customer service	• Staff attrition above an acceptable level • Lack of skilled personnel in the market • Operating expenses for workforce too high	L/M/M Trend →	• Team spirit at heart of our business • Well-structured and competitive benefit and reward packages • Market benchmark of benefits • Constructive training and career development opportunities • Monitoring of employee satisfaction • Succession plans	M
J 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/reefer trailers • International trade tariffs/restrictions • Political risk in important export markets for fleet sales such as Eastern Europe, North Africa and the Middle East	L/M/M Trend →	• Continuous monitoring and reviewing of our remarketing prices achieved • Flexibility in fleet holding period assessment • Annual Residual Value Committee	M
K Laws and corporate governance	We are subject to numerous international or local regulations. Our governance could be ineffective due to the increasing size and complexity of the business	• Non-compliance with applicable laws & regulations leading to reputational damage, claims and litigation, sanctions or penalties (i.e. EHS, GDPR, regulatory, statutory, tax, antitrust) • Unlawful employee actions • Inappropriate levels of authority • Unclear roles and responsibilities	L/M/L Trend →	• Legal subject matter experts • Robust policy compliance framework • Regular employee compliance, GDPR and data privacy training and communication • Remuneration, Investment and Audit Committees support the Boards to effectively manage targeted risk and performance areas	M
L Safety	Our business involves maintaining, repairing and operating heavy transportation equipment	• Lack of adequate (personal) safety of employees and visitors • Accidents to employees and customers which could result in injuries, claims against us and damage to our reputation	L/M/M Trend →	• Appropriate and rigorous health and safety policies and procedures • Safety equipment and clothing • Health and safety trainings and awareness initiatives • Health and safety KPIs are regularly reviewed by the EMT, Management Board and Audit Committee	L

Review of the year

In this section


TIP
www.tipeurope.com
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Global COVID-19 pandemic

The corona virus pandemic developed rapidly in 2020, with millions of cases globally. Measures taken to contain the virus substantially affected economic activity, and continue to do so. The impact of COVID-19 has evolved since it was first reported in late 2019, with both the impact of the virus and the information available about it changing over time.

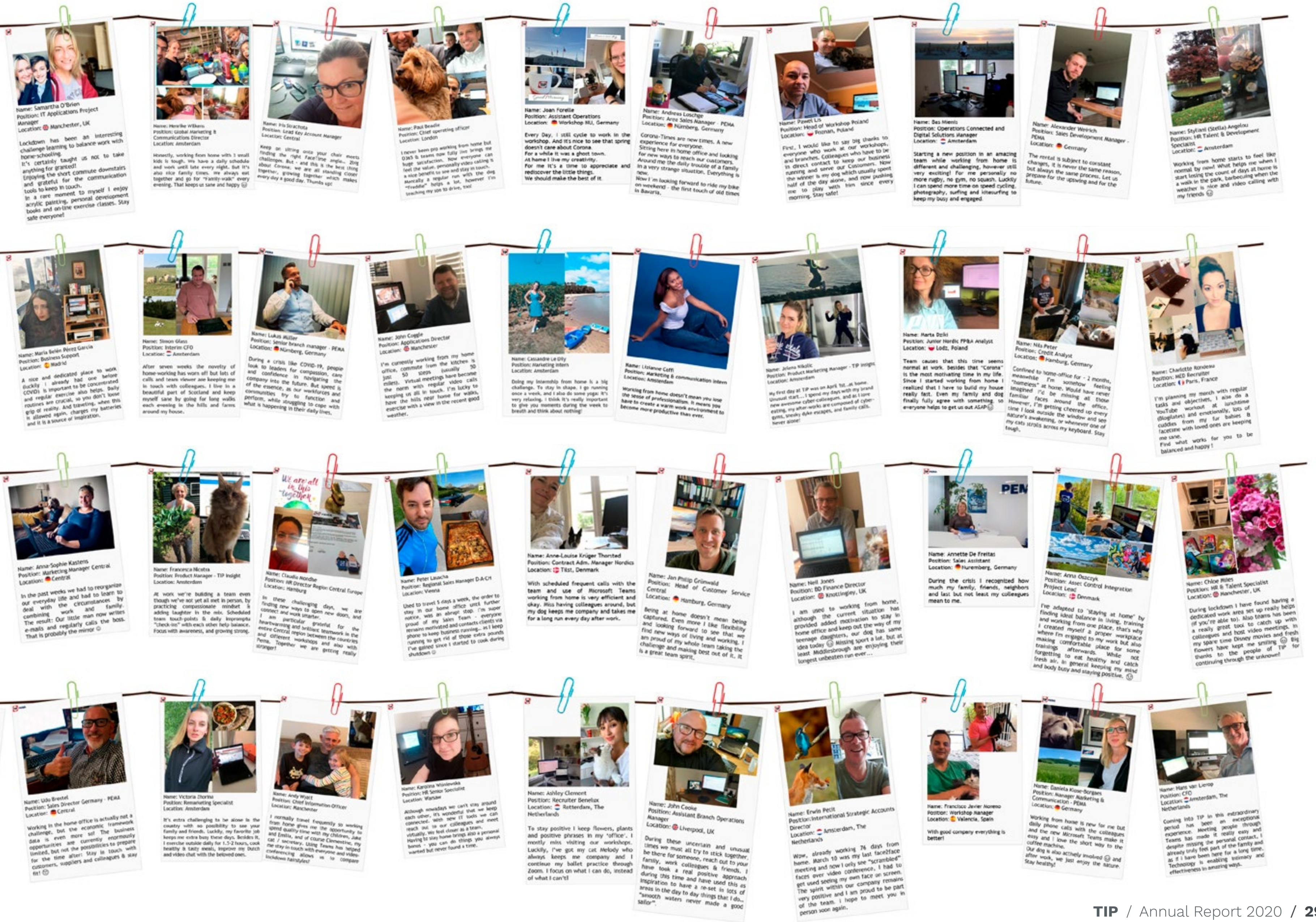
The World Health Organisation (WHO) declared a global health emergency in January 2020, and in March 2020 declared that the spread of COVID-19 constituted a global pandemic. In late 2020, the first vaccines considered to be effective against the virus were approved. Efforts are currently underway worldwide to distribute the vaccine, allowing societies to open up, and normal economic activity to resume again.

Impact on TIP

COVID-19 has had a profound impact in every country in which TIP operates, and has affected all our business operations.

Peoples

Our employees had to deal with changes caused by the COVID-19 pandemic, both on a personal and professional level. Wherever possible, our people were advised to work from home, and strict health and safety protocols were put in place, which affected our mechanics in workshops, as well as staff in our branches and headquarters. Fortunately, the reported spread of the virus within the organisation was very limited, underlining the effectiveness of the measures taken.



Business

Leasing, rental and damage protection

We saw a slowdown in demand for new capex due to uncertainty and a partial shift to rental. The overall impact on our leasing and rental top line was mitigated by solid long-lasting relationships with our customers, and a broad customer base in industries, such as food & beverages and parcels, which were less affected by the virus. The impact on damage protection was in line with the effects on our leasing and rental business.

M&R 3rd party

The volume of 3rd party M&R work declined as customers required fewer trailers and trucks on the road, and governments permitted extended terms for regulatory inspections. This development was partially offset by customers expecting to keep units for longer due to uncertainty, which in turn meant that they required more maintenance on their fleets.

Fleet sales and others

Fleet sales increased, despite a very competitive market, in order to keep our UTE on a high level and constantly optimise our fleet offerings.

KPIs

Throughout 2020 and the ongoing global COVID-19 pandemic, we were able to closely manage our financial covenants. Our cash position and liquidity remained very strong, which ultimately enabled us to pay out a dividend of €12.4m to our shareholder in 2020.

Our UTE showed a decrease during the initial phase of the pandemic, but recovered swiftly over the course of 2020, before reaching its pre-COVID-19 level by the end of the year. This is testament to the solid relationships we enjoy with our customers, together with the resilience of our business model.

“Our cooperation with TIP has grown for more than 25 years based on trust and transparency. Besides all the negative implications of the COVID-19 pandemic, it has become evident during these unprecedented times that working with TIP is more than a contract – it is a valuable partnership.”

Matthias Bohm

VP Global Sourcing Ground Fleet, DP DHL Group

“We are proud to be part of TIP’s growth and success story. 2020 was a truly challenging year but our relationship with TIP has grown even deeper reflected in certifying TIP as our latest service agent, which allows TIP to provide warranty services and repairs on our equipment.”

Ralf Faust

CEO (Fahrzeugwerk Bernard KRONE GmbH)

“TIP has proven that its business model is resilient and it can remain profitable even during a global economic downturn. Having a 50% growth in the size of the business within 2 years is reflective of the highly successful relationship between I Squared Capital and TIP.”

Adil Rahmathulla

Chairman of the Supervisory Board

Organisation

While moving a significant part of our workforce to working virtually from home initially put a strain on our IT infrastructure, continuous technical improvements and the use of new systems such as Microsoft 365 made digital working more efficient. From a business perspective, the COVID-19 pandemic enabled us to focus on the integrations of PEMA and Trailer Wizards. Our integration teams performed extraordinarily well to make three families – TIP, PEMA and Trailer Wizards – become one.

> **“Working from home concept had never been an option for me, however these past months proved the opposite.**
> TIP Canada managed to accommodate working from home in a matter of a few days, ensuring everyone got the hardware and software required. We adapted to the new environment very fast, and met our targets as planned.”

Fidan Naghiyeva
Senior Controller (Canada)

Response to COVID-19

At both a headquarters and country level, we launched initiatives to protect the welfare of our employees and customers, and mitigate the social and financial impacts of the pandemic on TIP.

These included:

- Implementing new guidelines and controls to enable employees to adhere to social distancing in branches and offices
- Changing work practices, such as different shift patterns and working from home
- Limiting capex on new fleet purchasing due to uncertainty
- Implementing a hiring freeze, with the exception of critical positions and mechanics/ technician roles
- Freezing all operating expenses, and only allowing expenses required for the safety of staff and business critical events
- Organising quarterly update calls with funders

Achievements

Our swift response to COVID-19 has put us into a position which will allow us to get back stronger.

Our key-achievements are as follows:

- No workshops or branches were required to close during the pandemic
- Very few reported COVID-19 cases within TIP
- Special health and safety measures established
- Rapid adjustment to working from home
- Initiatives to stay virtually connected
- Responsible and swift actions taken to optimise cash flow
- Constant alignment of strategy with senior management
- Financial covenants closely managed

Outlook

We will maintain preventative measures as long as the COVID-19 situation requires it, and will continue to prioritise the health of our employees, customers and society first. Although we saw stronger than expected business during 2020, we expect economic pressure to continue through to mid-2022. As uncertainty decreases, we expect to see improved leasing business, in addition to benefits to our maintenance and repair business as the backlog in regulatory inspections is resolved.

CEO review

“2020 was a year of extraordinary circumstances. As the corona virus continued to take hold on societies across the globe, our employees, our families, and our communities faced unprecedented challenges and changes.

Despite these unparalleled times, we grew together as a TIP family and forged even stronger relationships with our customers and suppliers. At the end of 2019, we invited PEMA and Trailer Wizards to join our journey, and consequently 2020 turned into the year of transformation and integration.

In this unique environment, we grew our revenue by 46% to €914m. In addition, we successfully leveraged our scale to improve our EBITDA margin from 30% in 2014 to 43% in 2020, and achieved a strong operating profit.”

Bob Fast, Chief Executive Officer

Dear stakeholders,

I am pleased to present our company's 2020 annual report. As 2020 represented one of the most challenging years in our more than 50 years history, it is even more gratifying to report that our company had a successful year.

Our number one priority was, and remains to be, ensuring the well-being and safety of our employees, their families, and our communities. In this regard, every effort has been made to ensure that we provide a safe working environment for our employees and customers, enabling them to carry out their activities in accordance with the various health and safety protocols in place across our regions. It was a remarkable achievement that all the workshops throughout our network remained open, and that we were ready serve our role as a vital part of the backbone of the European and Canadian transport infrastructures.

This role was fostered by the integrations of PEMA and Trailer Wizards, which are already largely integrated and running smoothly as key contributors to the TIP business. Our joint strategy is proving successful, and we remain very pleased with how well the combined teams are working together.

Additionally, we are happy about the positive response received from our customers. We continue to provide excellent service to the combined customer base, and I would like to thank everyone involved for making this happen.

I would like to share some key highlights with you.

Strategy

Our 'TIP 2020' Strategy outlined our ambitions over the past 5 years, and I am delighted to report that we have reached our most important goals. We achieved double-digit growth in revenue, and raised our EBITDA by 62% to €393m.

We accomplished an increase in profit margins, with contribution, EBITDA and operating profit at 55% (2019: 52%), 43% (2019:39%) and 10% (2019: 8%) respectively. 2020 showed more than any other year that the focus on our customers' needs is, together with our highly capable people, the bedrock of our success. Our teams enable us to offer a broad range of assets that meet our customers' requirements, while providing the highest standard of service supported by our extensive network and customer platform.

We run a robust and highly efficient operating platform across our 18 countries, delivering a full range of services. The successful integrations of PEMA in Europe and Trailer Wizards in Canada allowed us to not only strengthen our geographical footprint, but to also unlock deep understanding and experience in the truck market.

In 2020, we embarked on meeting a new set of strategic objectives as part of our 'TIP 2025' Strategy. While we continued efforts to progress in our growth ambition, 2020 was the first time that our strategy contained specific sustainability objectives. In doing so, we shifted our focusing on environmentally, socially and governance conscious operations, to making this mindset part of a structured strategic framework.

Revenue and financial performance highlights

Despite contracting European and Canadian economies, we delivered a strong set of results aided by the synergies gained from our business integrations of PEMA and Trailer Wizards. This enabled us to increase revenue by 46% and our contribution margin to 55% despite lower capex, while retaining the customer bases from TIP, as well as PEMA and Trailer Wizards. EBITDA margin rose to 43%, driven by a decrease in our operating expenses to 12% (2019: 13%) of revenue due to strong cost discipline.

With contract driven investments in our fleet and expanded scale due to our acquisitions, we substantially grew our leasing backlog by 2% to €1,009m (2019: €987m). The interest rate pricing environment for leasing equipment remained challenging in 2020 as a result of continuously low central bank rates and negative rates in many of our markets. Despite this headwind, we saw an increase in our leasing and rental contribution margins to 66% (2019: 65%). Customers continued to prefer full-service maintenance leases as they looked for efficiencies and outsourcing solutions for both their equipment, and maintenance and repair requirements.

We continued to develop our 3rd party maintenance and repair product offering by integrating the expertise of PEMA in trucks. During 2020, revenue remained on a high level at €116m, mainly driven by governments extending the deadlines for regulatory inspections due to COVID-19. This has led to a service backlog that will contribute to our 2021 performance. We continue to invest in the modernisation of our workshops and the addition of new mobile service units to underpin future growth in the coming years.

Dividend

In November 2020, we paid €12.4m in dividend to our shareholder, which underscores our strong liquidity position despite one of the worst economic crises in modern history.

Management changes

Following the successful acquisitions and integrations of PEMA and Trailer Wizards, I am pleased to introduce key changes to our organisational structure, which are effective as of 1 January 2021. I believe that the changes will enhance our ability to drive the long-term objectives of the company, and position us well for the future as we focus on our 'TIP 2025' Strategy.

As we go forward, I will be more focused on our long-term shareholder objectives, and I am delighted to announce Arjen Kraaij's appointment as Deputy CEO of the business. In this newly created position, Arjen is responsible for business operations, with the regional Vice Presidents (VP) now reporting directly to him. With 23 years in the business, Arjen brings a vast wealth of knowledge of our company and our industry, so this appointment will increase support to our commercial and operational agenda.

In May 2020, we welcomed Hans van Lierop as our new CFO, succeeding interim CFO Simon Glass. Hans brings more than 25 years of experience in finance with 13 years in various CFO roles. I would like to thank Simon for his leadership during the early stages of the COVID-19 pandemic, and for setting a course that enabled us to continue to operate successfully during such a challenging time.

Oliver Bange became sole VP of Central Europe Region after the departure of joint VP Peter Ström at the end of November. I would like to thank Peter for his significant contributions working with Oliver and the rest of the team to ensure a strong integration between TIP and PEMA over the course of the year.

Elsewhere in our businesses, Didier Felice was appointed in the important role of VP M&R and TIP Insight, and will be succeeded by Frederic Notte as VP Mediterranean Region effective 1 January 2021.

Investments

During 2020, we invested €265m (2019: €251m) in new fleet, and continued to focus on deals and customers, which made it possible for us to maintain margins and provide additional services. We further increased our efforts on remarketing, despite the COVID-19 impact and a weakening second-hand equipment market, driving increased focus on retail sales in particular to protect margins. Due to our diversified resale model, we were able to offset the fluctuations in a number of national and export markets. Furthermore, with solid utilisation of 87% (2019: 91%), we sold ~11,700 units (2019: ~7,500) for €85m (2019: €40m), while maintaining stable pricing, demonstrating the strength of our remarketing network and our team's in-depth knowledge of the industry.

Risk management

In 2020, we maintained robust risk management processes related to credit and asset risks, as well as treasury, tax and operational risks. Considering the economic circumstances, our credit losses increased only slightly from a very low level to 0.5% (2019: 0.3%) of revenue.

Outlook

We are closely monitoring developments related to the global COVID-19 pandemic. Robust financial modelling allows us to maintain visibility and take the necessary actions to continue navigating through this situation. Furthermore, we will maintain initiatives to further improve our cost efficiency and maximise our UTE. Despite the uncertain environment, we continue to see high demand for lease renewals and rental. We enter 2021 cautiously, and are ready to flex both our capex and acquisition investments once market opportunities exist. The focus remains on profitable growth, and delivering attractive returns from our European and Canadian network. Both improving margins and continuing to drive efficiency, cost discipline and the scale benefits from our international platform continue to be key areas on which we have a strong focus.

We stay confident in our industry, its structural growth drivers and the strength of our position in the industry with a growing, profitable business model, while becoming more sustainable and innovative than ever before.

A word of thanks and our commitment

I would like to take this opportunity to thank I Squared Capital, our shareholder, and our Board of Directors for their support and commitment in 2020. 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 we are well placed to sustain our success and build an even stronger business for the future. We will continue to work hard to deliver on our commitments.

I am enormously proud of our dedicated employees who drive customer service excellence every day across all areas of our business. On behalf of the Senior Leadership Team, I would like to express our heartfelt gratitude to all colleagues for their hard work, commitment and willingness to embrace change; they make TIP a very special place to work. A special thanks goes out to you for being there in the workshops and in the branches supporting our customers. Keeping all workshops and branches open during the worst days of COVID-19 was a truly remarkable feat.

Our accomplishments and achievements would not have been possible without the trust and support of our loyal customers, key suppliers and business partners, all of which can be confident that they will continue to be at the heart of every decision we make.

In memoriam Jan Ihlau

It fills us with deep sadness that our Chief Legal Officer, Jan Ihlau passed away on 25 December 2020, after a long illness. Jan's passing has brought a great deal of grief, and our deepest condolences go out to Jan's family, friends and colleagues. Jan joined us in 2003 and served as our Chief Legal Officer from 2010 on. Jan will be remembered as a respected leader, colleague and as a friend. Under Jan's legal leadership, we established the TIP Integrity Policies, sold the business twice, and made major acquisitions; decisions that helped TIP to become the successful business it is today. Jan was a highly respected, popular and dedicated colleague, and our thoughts are with his family and and loved ones.

Bob Fast

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 year 2019 as included in this annual report. Comparative information for 2018, 2017 and 2016 is derived from the consolidated financial statements, as included in our annual reports for 2019 and 2018 (adjusted for IFRS 16 impacts). This section outlines the underlying EBITDA and operating profit, excluding exceptional items and amortisation.

We have adopted various alternative performance measures (APMs) to provide additional useful information on the underlying trends, performance and position of the Group. The APMs are not defined by International Financial Reporting Standards (IFRS). For this reason, they may not be directly comparable with other companies' APMs, but are nonetheless defined within this annual report and summarised in the Glossary.

2020 financial highlights and key components of performance

€m	2018	2019	2020	% change
Leasing	248	297	452	52%
Rental	130	134	209	56%
Damage protection	22	22	29	32%
Leasing and rental	400	453	690	52%
M&R 3rd party	114	117	116	(1%)
Fleet sales	35	40	85	113%
Other	16	16	23	44%
Total revenue	565	626	914	46%
Contribution (excluding: credit losses)	**296**	**329**	**505**	**53%**
Credit losses	(2)	(2)	(5)	150%
Contribution	**294**	**327**	**500**	**53%**
Contribution %	**52%**	**52%**	**55%**	**3%**
Operating expenses	(75)	(84)	(107)	27%
EBITDA	**219**	**243**	**393**	**62%**
EBITDA %	**39%**	**39%**	**43%**	**4%**
Operating profit	**60**	**53**	**87**	**64%**
Operating profit %	**11%**	**8%**	**10%**	**2%**
Net operating assets	1,123	1,973	1,872	(5%)
Capital efficiency	**21%**	**20%**[1]	**20%**	**-**

[1] After normalising the timing impact of the PEMA and Trailer Wizards acquisitions.

Group revenue for the year increased by 46% to €914m (2018: €626m), with double-digit growth in our leasing and rental business and in fleet sales driven by the PEMA and Trailer Wizards acquisitions in December 2019.

Leasing and rental revenue increased by 52%, while maintenance and repair (M&R 3rd party) revenue remained on a high level at €116m (2019: €117m), impacted by the decision of governments to extend the deadlines for regulatory inspections due to COVID-19. This has led to a service backlog that will contribute to our 2021 performance. We invested €265m (2019: €251m) in our fleet, and a further €24m (2019: €29m), principally in workshops, to modernise our platform and support future growth.

We sold ~11,700 used trailers and trucks (2019: ~7,500) in what were challenging trading conditions for used equipment both nationally and internationally. Despite facing a number of logistical issues and travel restrictions, thanks to the dedicated Remarketing team and diversified resale model, we were able to offset the market fluctuations and increase margins to 12% (2019: 8%).

We increased contribution by 53% to €500m (2019: €327m), exceeding revenue growth and underscoring our cost efficiency. Fleet utilisation declined slightly to 87% (2019: 91%), with strong contribution margins for leasing and rental at 66% (2019: 65%). Our M&R 3rd party margins increased to 25% (2019: 24%), which reflected the successful integrations of PEMA and Trailer Wizards.

Operating expenses increased by 27% to €107m (2019: €84m), driven by the PEMA and Trailer Wizards acquisitions in December 2019. We continued to focus on leveraging our existing cost base and capacity, which enabled us to decrease operating expenses to 12% (2019: 13%) of revenue in 2020.

Our high-quality customer portfolio can be attributable to our robust KYC, due diligence, vetting processes and strong collections discipline. Given the turbulent economic climate in 2020, the increase in credit losses was marginal, at €5m (2019: €2m) to 0.5% (2019: 0.3%) of revenue.

Our EBITDA increased by 62% to €393m (2019: €243m). This increase was driven by a substantial growth in our fleet due to PEMA and Trailer Wizards and contract renewals, while leveraging our operating expenses efficiently. Our investment in acquisitions in the years 2019 and 2020 contributed €171m to the improvement in EBITDA. Net operating assets decreased by 5% to €1,872m (2019: €1,973m), principally driven by relatively lower capex.

Operating profit increased to €87m, by reason of the highly successful integrations of PEMA in Europe and Trailer Wizards in Canada.

Robust long-term cash flow model and performance

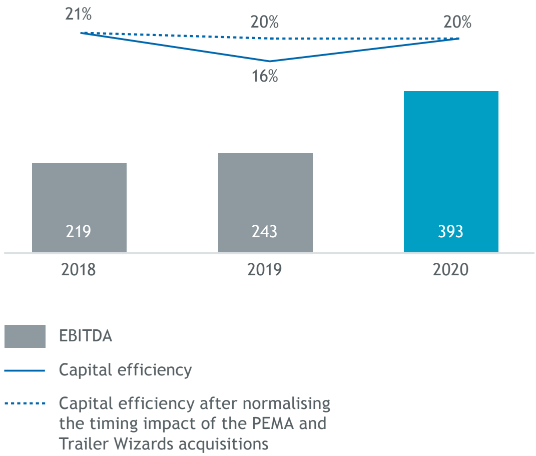
We typically purchase fleet when we secure new leasing contracts with customers. When economic and market activities are slow, we have demonstrated the flexibility of our business model by appropriately reducing and deferring fleet purchases and generating substantial cash flow, as shown in the table below:

Net capex

€m	2018	2019	2020
EBITDA (excluding the gain on fleet sales)	213	240	383
Fleet purchases	(301)	(238)	(265)
Acquisitions	(67)	(865)	-
Fleet sales	35	40	85
Other net capex	(11)	(11)	(12)
Net capex	**(344)**	**(1,074)**	**(192)**
EBITDA - net capex	**(131)**	**(834)**	**191**

Our capital efficiency was stable at 20% in 2020. At 20%, it 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 ongoing rigorous leverage of our cost base, and through the effective deployment of our assets.

EBITDA (€m)



We maintain a very disciplined and robust administrative and other operating expenses ('overhead') model, which is divided into two key segments:

- Regional operating expenses support customer deal sourcing and service delivery. These are mainly comprised of compensation and benefits, and 3rd party services related to our local General Management, Commercial, Operations, Remarketing, Risk and Collections functions
- Centralised costs are comprised of centralised Senior Leadership Team (SLT)-related costs, together with the costs of support functions that are mainly centralised and run 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 using our pan-European IT platform, we are able to avoid duplicating costs for support function. In addition, this cost management model enables us to utilise low-cost countries (LCC) 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.

Centralised 3rd party supplier management enables us to consolidate our purchasing power to achieve the best prices.

Liquidity and financing

Borrowings

During 2020, 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 program
- Secure competitive funding rates

We ended 2020 with total committed facilities primarily for fleet of €1,662m (2019: €1,757m), at an average margin of 2.2% (2019: 2.4%), and four diversified funding sources:

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

I. RCF:

On 20 December 2018, we signed an agreement to refinance our existing loan facility with a new financing facility under a margin reduced by 0.9%. This revolving credit facility is a club deal with a consortium of banks and matures in December 2023. It has grown steadily, driven by our acquisitions, to a total of €1,150m by the end of 2020, with an option to extend for an additional two years. We obtained an accordion of €242m, which will allow us to further expand the RCF or our private placement term loan facilities in the future.

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

At the end of 2020, €960m (2019: €1,056m) of the RCF facility was drawn.

Three financial covenants apply to the facility, with which we complied fully in 2020 and in prior years:

Covenants[1]

	2018	2019	2020
Interest cover	1.8x	1.5x	1.8x
Solvency	20%	20%	21%
Loan to value	89%	88%	89%

[1] Refer to note 24.1 of financial statements for definitions.

II. ABS:

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

At the close of 2020, we had a committed senior loan facility of €100m, with a margin of 1.65% until March 2021. In February 2021, we refinanced our ABS facility until August 2021. The senior facility is a multicurrency facility that allows us to borrow in the major currencies in which we operate, and requires interest rate hedges to be taken out to match the operating lease cash flow.

At the end of 2020, €75m (2019: €71m) of this ABS facility was drawn. There are two financial covenants, interest cover and solvency, which apply to the ABS facility as they do for the RCF and term loan facilities. We complied with these during 2020.

III. FLB:

At the end of 2020, as part of our funding lease book, we had lease facilities for fleet totalling €137m (2019: €229m), of which €79m (2019: €87m) was drawn. Interest rates on these finance leases are ~2.9% (2019: ~3.1%). These facilities are with various funders, manufacturers and lease providers principally in the UK, the Netherlands, Germany and France.

Furthermore, as part of our funding lease book, we utilise leases for PP&E assets such as land, buildings and motor vehicles. We ended 2020 with €104m (2019: €115m) of leases committed and drawn for PP&E.

IV. TL:

At the end of 2020, we have 9 (2019: 11) term loans totalling €275m (2019: €278m). Average interest rates on these term loans are ~2.4% (2019: ~2.4%), which are paid quarterly, with a duration of ~6 years.

The institutional term loans rank pari-passu with the RCF facility in relation to security, and the three financial covenants that apply to the RCF also apply to the term loans.

Liquidity overview

We ended 2020 with a strong liquidity position, as shown below:

€m	2018	2019	2020	% change
Cash	11	17	13	(24%)
Committed unused facilities:				
RCF	323	94	190	102%
ABS	27	29	25	(14%)
FLB	115	142	58	(59%)
TL	-	-	-	-
Total	**476**	**282**	**286**	**1%**
% change	84%	(41%)	1%	

The flexibility to increase our RCF and term loan facilities by a further €242m provides additional liquidity to support our growth.

We believe that by reinvesting our EBITDA and fleet sales, together with further expanding our financing programmes, we are in a favorable 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 offers opportunities.

Liquidity governance

Our liquidity position may experience significant movements due to timing of capex, 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 that cover a 3-month rolling period. In addition, on a monthly basis, the TIR team uses our monthly cash forecasts that cover a 15-month rolling period to manage longer-term liquidity, and address early additional financing needs of the business. This monitoring also includes reviewing covenants, which are required to be reported monthly and quarterly under our RCF/TL and ABS facilities, to ensure we maintain sufficient headroom. Summary reports are provided to the EMT and the Board every month.

In addition, our EFC reviews and approves all additional borrowing facilities, subject to Board approval where appropriate. EFC also monitors ongoing compliance with all bank covenants, operations of funding facilities and strategies for maintaining relations and open communications with funders.

Minimum contracted borrowings repayment commitments

The table below summarises the maturity of our borrowing facilities at 31 December 2020 by year of expiry.

€m	2021	2022	2023	2024	2025+	Total
RCF	-	-	1,150	-	-	1,150
ABS[1]	100	-	-	-	-	100
FLB	100	34	30	24	53	241
TL	-	-	-	-	275	275
Total	**200**	**34**	**1,180**	**24**	**328**	**1,766**
% of total	11%	2%	67%	1%	19%	100%

[1] In February 2021, we refinanced our ABS committed senior facility of €100m until August 2021.

Interest rate risk management

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

	2018		2019		2020	
	% hedged	Duration (years)	% hedged	Duration (years)	% hedged	Duration (years)
RCF	73%	1.8	74%	2.4	70%	2.9
ABS	78%	2.6	100%	2.2	93%	1.9
FLB	100%	3.9	100%	4.1	100%	4.0
TL[1]	-	-	100%	6.8	100%	5.8
Weighted average	**79%**	**2.4**	**83%**	**3.6**	**81%**	**3.7**

[1] European Private Placement (EUPP) only.

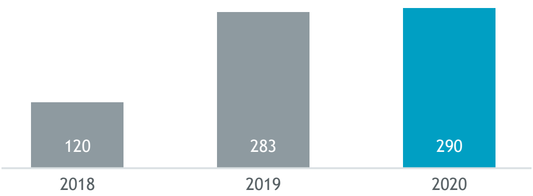
Foreign exchange risk management

Our principal foreign currency risk is in £, CA$, NOK and SEK, as we have both assets and cash flow in those currencies. We substantially hedge this risk by borrowing in £, CA$, NOK and SEK to fund our activities in the UK, Canada, Norway and Sweden respectively. Our RCF facility allows us to draw down in €, £, CA$, NOK, SEK, DKK, PLN, CHF and US$, while our ABS facility permits us to draw down in €, £, NOK, SEK and DKK. The FLB programmes are managed at the regional level, and are therefore denominated in the local currency.

Our presentation currency is €. Exposure to other currencies arises in the course of ordinary trading. A proportion of our profits and net assets are non-€, and are primarily denominated in the currencies referred to above.

The table below summarises our non-€ net assets and percentage of net assets in non-€.

Non-€ net assets[1] (€m)



% of total net assets		
39%	52%	55%

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

Events after the reporting period and other significant items

The Company performed the following reorganisations:

- On 1 January 2021 amalgamated Train Trailer Rentals Limited and Trailer Wizards Ltd., resulting in the creation of TIP Fleet Services Canada Ltd.,
- On 11 January 2021, PEMA POLSKA Sp.z o.o. merged into TIP Trailer Services Poland Sp.z o.o.

On 18 February 2021, the Group refinanced its ABS committed senior facility of €100m until August 2021.


3
4
TIP

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) due to our flexible and scalable operational business model. We use our pan-European and Canadian scale to sustain utilisation rates by transferring equipment across countries and regions, taking advantage of demand and pricing conditions.
The change in ADR over the past 3 years is explained as follows:

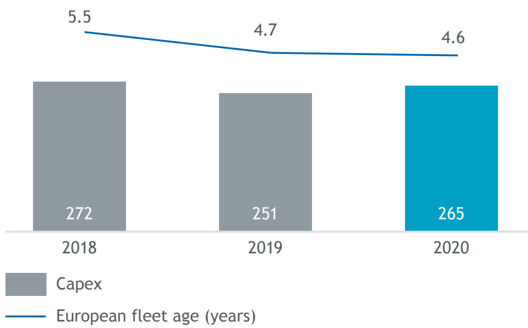
ADR

€	2018	2019	2020
Prior year	16.3	17.0	18.3
FX impact	(0.1)	-	(0.1)
M&A impact	-	-	0.2
Grayrentals acquisition mix	0.3	0.7	-
Other/mix impact	0.5	0.6	0.8
Current year	17.0	18.3	19.2
UTE%	91%	91%	87%

In 2020, with PEMA and Trailer Wizards fully integrated, we increased our leasing revenue by 52% (2019: 20%). Re-lease rates on expired leases remained at a high level of 48% (2019: 49%). In recent years, an increasing number of our customers have chosen to maintain their fleet with us. This is reflected in the increased proportion of leases with a service maintenance option (rising from 66% in 2007 to 71% in 2020).

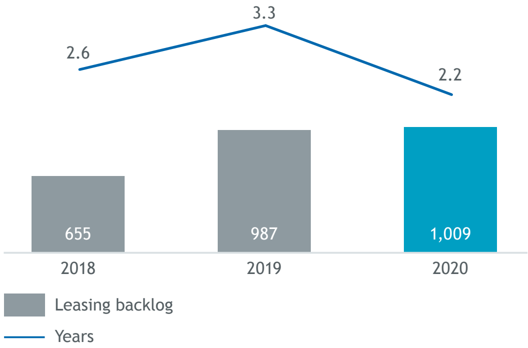
Given the strong demand, we invested €265m (2019: €251m) in new equipment. The average age of our European fleet decreased from 4.7 years to 4.6 years.

Capex (€m)



As a result of the healthy lease renewal, new capex leases and the acquisitions of PEMA and Trailer Wizards, we increased our leasing backlog to €1,009m, up 2% from the previous year.

Leasing backlog (€m)



Our ability to reinvest operating cash flow, combined with our unused credit facilities, will enable us to scale up investments in our fleet during 2021 to satisfy customer demand for new equipment leases.

Leasing and rental

€m	2018	2019	2020
Leasing	248	297	452
Rental	130	134	209
Damage protection	22	22	29
Revenue	**400**	**453**	**690**
M&R own fleet costs	(126)	(148)	(221)
Damage protection costs	(12)	(12)	(14)
Contribution	**262**	**293**	**455**
Contribution %	**65%**	**65%**	**66%**

We saw a 56% increase in our rental revenue. This was mainly due to the acquisitions of PEMA and Trailer Wizards, which helped us to tap new customer portfolios, in addition to our flexibility and strong partnership with our existing customers, who we were able to continue serving despite the economic uncertainties we saw in 2020. Our well-maintained rental fleet is an ideal solution in uncertain times, and provides customers with an effective means to address peak 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 revenues and costs at both an aggregate and individual customer level is ensured by regularly analysing damage, customer loss-ratio statistics, strict compliance with damage handling procedures and policies, and, when necessary, reviews of damage protection pricing. In 2020, damage protection revenue increased to €29m (2019: €22m).

In 2016, leasing and rental contribution % increased for the first time since the aftermath of the global financial crisis. In 2020, it improved to 66% (2019: 65%). The principal drivers were as follows:

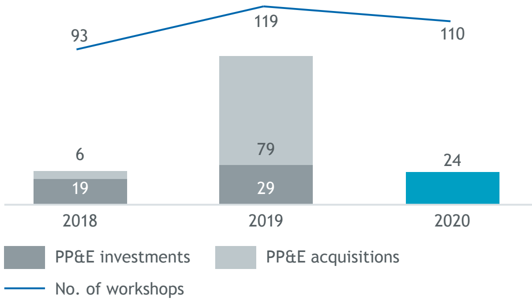
- With increased fleet investment from 2014 onwards, margins have stabilised, and are reversing the trend created by 5 years (2009 to 2013) of underinvestment by our former shareholder

- 2019 acquisitions and synergy gains in 2020 were accretive to the overall contribution margin
- Improved productivity and cost control from insourcing amounted to a saving of €9m (2019: €8m). Additional maintenance work was moved in-house, while many sourcing initiatives, the process engineering of our operating application, and stronger approval processes have all supported the improvement in contribution %
- Damage protection margins remain solid, with customers appreciating the security that this product offering provides them

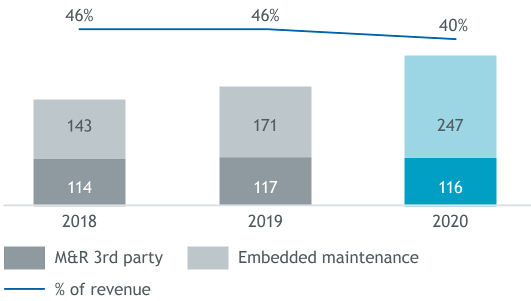
Focus on maintenance and repair performance

Our fleet maintenance and repair offering enables our customers to focus on their core business to ensure compliance with regulatory standards, and provides predictability of maintenance costs. Our maintenance and repair revenue doubled since 2014. Furthermore, a significant volume of maintenance and repair revenue was generated through the maintenance embedded within our leasing and rental portfolio. Total maintenance and repair revenue decreased to 40% (2019: 46%) of revenue in 2020, which was primarily driven by the decisions of various governments to extend regulatory inspection deadlines due to the global COVID-19 pandemic, together with social distancing measures, which restricted 3rd party trailers and trucks coming for maintenance in our workshops. We anticipate an improved performance in 2021. In addition, a number of our workshops have obtained (or are in the process of obtaining) selected manufacturer service agent status, which will allow them to carry out warranty repairs.

PP&E investments and acquisitions (€m)



Maintenance and repair revenue (€m)



3rd party maintenance and repair

€m	2018	2019	2020
Revenue	114	117	116
Contribution	23	29	29
Contribution %	20%	24%	25%

After years of strong growth, maintenance and repair revenue has matured to €116m. The principal drivers were as follows:

- National governments' decisions to extend deadlines for regulatory inspections due to the global COVID-19 pandemic
- Decrease in redundancies in our workshop network
- Efficiency gains of workshops built and acquired in previous years that are now running at normal operating capacity levels have levelled off

The highly successful integrations of PEMA in Europe and Trailer Wizards in Canada enabled us to re-examine our network. After many years of growth, we have integrated a number of locations. As a result, we closed 6 branches and 7 workshops in Canada, 1 branch in Poland, 1 branch in the Czech Republic, 1 workshop in Finland and 1 branch and 1 workshop in Germany.

Despite the challenging economic environment caused by COVID-19, our 3rd party M&R product line contribution has held up well, and once again delivered consistently year on year.

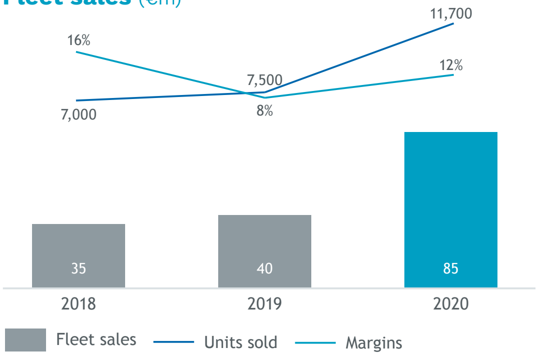
Focus on used assets

In a challenging market for used equipment in 2020, we were able to both increase sales volume and margins on sale compared with 2019. Sales volume was ~11,700 assets (2019: ~7,500). Revenue increased significantly due to the sale of trucks and young vintage trailers, resulting in higher margins than in 2019.

We achieved an increase in margins in 2020 from 8% to 12%. The principal drivers were as follows:

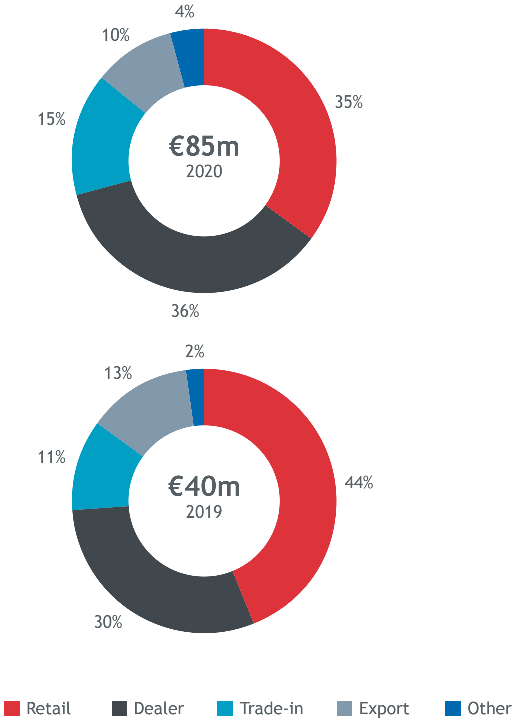
- Diversified product offering in a wide geography of markets
- Dedicated Remarketing team

Fleet sales (€m)



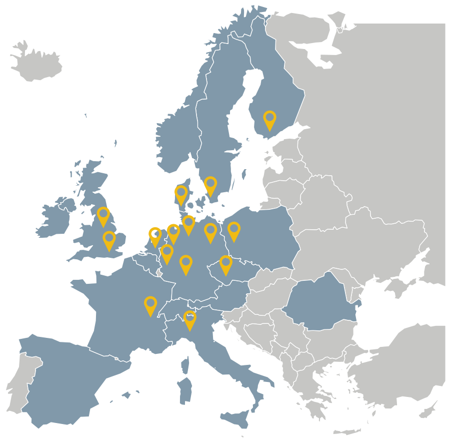
Retail sales to 'end users', which was a key driver for revenue and margins, decreased in 2020 to 35% (2019: 44%) of total sales volume. This was driven by a relatively higher growth especially in sales to dealers and trade-ins.

Fleet sales by end markets



In 2020, we sold to around 1,000 customers in 40 markets. Due to our diversified resale model, we were able to offset the fluctuations in some national and export markets.

Remarketing centres



Focus on acquisitions and integrations

Given the uncertain environment throughout 2020, we focused on integrating already acquired businesses to take full advantage of synergies, and only closed one (2019: six) acquisition during the year: Aurora srl, an Italian workshop business with expertise in body repairs.

In 2020, we successfully integrated PEMA & TIP in Denmark, Sweden, Belgium, Czech Republic and Poland. In addition we have successfully integrated two workshop businesses we acquired in the Mediterranean Region (Caldera and Best of).

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

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

Of the 42 acquisitions completed since the beginning of 2014, three (2019: six) remain on separate operating systems, principally due to the fact that these businesses run parts inventory systems that are not part of our standard business operational and financial systems at present. By merging all PEMA entities and Trailer Wizards with our main trading entities, we were able to further simplify our system set-up and maintenance costs, while reducing operating costs. Our Canadian businesses continue to operate standalone operational and financial systems, providing monthly reporting packs that allow us to complete our financial and management reporting.

During 2021, we will focus on bringing the remaining acquisitions onto our standard processes and systems. This will further drive productivity and the consistency of customer experience across our network, simplify our reporting processes, and drive increased quality and consistency.

Strategy and objectives

The success of our strategy to grow through fleet capex investments, M&R 3rd party and acquisitions is dependent on the timely delivery and the functionality of IT systems. We have implemented IT applications to support many of our back-office functions. As a result, since 2016, we have moved many of these applications to a cloud-based environment, which increases our flexibility to deploy these applications at speed as we grow.

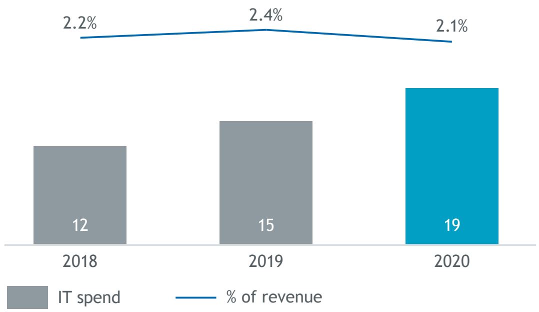
Our aim is now to invest in the front end of our business in order to:

- Increase the speed and quality of customer service
- Drive productivity and efficiency within all functions
- Provide employees with tools which allow them to serve our customers and shareholder
- Leverage business intelligence (Power BI) for the customer within our customer platform FLEETRADAR
- Integrate all acquisitions efficiently 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
- Drive new product implementations and future developments

IT investments

As we have grown our business since 2014, we have reduced our operating expenses as a percentage of revenue from 19% to 12%. During that period, our revenue has almost tripled, with our M&R revenue doubling, the number of workshops increasing from 41 to 110, and the number of branches from 53 to 102. To support this growth and drive productivity, we have increased our ongoing IT spend by ~150% to 2.1% as a percentage of revenue.

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 performed. We aim to minimise business disruption, cost and time.

Insurance

We have a low appetite for risks that can be insured against. Nonetheless, we selectively accept certain insurable risks that we consider highly unlikely and/or where the cost-benefit analysis does not justify the premiums required. To minimise costs, insurance may be arranged either centrally or locally, ensuring that all entities are protected from the most significant risks. Our insurance policies are issued by leading insurance companies.

Our overall approach is to selectively accept certain insurable risks. Our objective is to identify and develop an insurance risk profile to continuously monitor and manage these risks. To do this, principles are laid down in an insurance risk policy that applies to all our entities.

The table below outlines our principal insurances and associated annual costs:

€k	2018	2019	2020
Mandatory insurances			
Fleet	3,315	3,871	7,306
Company cars	347	394	286
Total mandatory insurances	**3,662**	**4,265**	**7,592**
% of revenue	**0.6%**	**0.7%**	**0.8%**
Optional insurances			
General liability (including business interruption)	207	240	215
Property	289	286	533
Director and officer (D&O)	63	37	63
Employee business travel	75	72	54
Crime	51	36	68
Cyber	1	47	51
Total optional insurances	**686**	**718**	**984**
% of revenue	**0.1%**	**0.1%**	**0.1%**
Total	**4,348**	**4,983**	**8,576**
% of revenue	**0.8%**	**0.8%**	**0.9%**

Sustainability

TIP aims to be a leader in responsible business practices, and we support the UN Global Compact Ten Principles promoting human rights, labour standards, environment and anti-corruption.

We are committed to making the UN Global Compact principles part of our company's strategy, culture, values and the day-to-day operations. Robust management processes drive our corporate responsibility, and we apply high environmental and social standards to support a sustainable future. We recognise our duty to our stakeholders, including our shareholder, management, employees, lenders and citizens of all the countries in which we operate and do business.

In line with the UN Global Compact, we have divided this section into the four areas of human rights, labour standards, environment and anti-corruption.

Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery

Principle 9
Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle 8
Businesses should undertake initiatives to promote greater environmental responsibility

Principle 7
Businesses should support a precautionary approach to environmental challenges

Principle 6
Businesses should uphold the elimination of discrimination in respect of employment and occupation

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights, within the scope of their influence

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5

Businesses should uphold the abolition of child labour

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Overview

TIP respects the protection of internationally proclaimed human rights, and we are dedicated to ensuring that our company is not complicit in human rights abuses. Respect for human rights is embedded in our Code of Conduct. Every business transaction we make must therefore be grounded in a foundation of ethical behaviour. Our approach is informed by the Universal Declaration of Human Rights, the core conventions of the International Labour Organization, and the United Nations' Guiding Principles on Business and Human Rights.

Implementation

- TIP Respectful Workplace Conduct Policy to prevent discrimination and harassment at work
- TIP Integrity Guide for Suppliers, Contractors and Consultants
- Incident reporting channels (incident reporting mechanism, Ombuds system)

Measurement of outcomes

- Reaffirm commitment to combating modern slavery through the annual publication of our Modern Slavery Statement
- Received no red flags in our due diligence checks for human rights violations
- Participation in charity initiatives

Labour standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

Overview

TIP treats all employees fairly and provides equal access to opportunities. We prohibit all forms of illegal discrimination. For this reason, we are committed to following the applicable employment laws wherever we operate. This includes observing laws in the relevant jurisdictions in which we operate that relate to: freedom of association; privacy; labour relations; the prohibition of forced, compulsory and child labour; immigration; working time and other wage-hour laws; and employment discrimination.

Implementation

- TIP Respectful Workplace Conduct Policy to foster and maintain a respectful workplace
- Zero tolerance approach to modern slavery and human trafficking, with due diligence conducted on all suppliers
- Dedicated to growing and developing female employees (gender equality)
- Development and training of our workforce
- Comprehensive TIP TOP Together program (focus on health, team spirit, charity, personal development)

Measurement of outcomes

- Employment of over 65 nationalities
- Stable 18% of females in a predominantly male-driven industry
- Female board participation ratio of 1:4

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Overview

TIP is committed to protecting the health and safety of our employees in all countries in which we operate and do business. This means complying with all applicable environmental, health and safety laws, and working to conduct our operations in a safe manner that minimises the environmental impact. We seek to keep improving the environmental performance of our operations through the efficient use of resources, and by applying the most environmentally friendly technologies.

Implementation

- EHS Policy which aims to protect the environment by reducing air/noise pollution, recycling materials and conserving water and energy
- Regular training on EHS Policy
- Internal and external EHS audits
- Founder of European Transport Board which aims to reduce environmental impact of transport and logistics in Europe

Measurement of outcomes

- Reduced the environmental impact of our fleet by introducing 'silent' refrigerated trailers and low emission tractor units
- Deployed liquid nitrogen powered transport refrigeration units in our trailers to deliver zero emission power and cooling

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Overview

TIP works against corruption in all its forms, including extortion, bribery and insider trading. We are also committed to fair and free competition and complying with applicable competition laws in all its activities. This commitment requires us to obtain the best possible information so that we can assess threats and risks accurately. For this reason, we conduct detailed assessments of all sites and activities, and implement appropriate risk mitigation measures to detect, deter and respond to corruption, extortion and bribery threats. We endeavour to only conduct business with reputable customers and suppliers.

Implementation

- TIP Financial Integrity Policy (guidance on company-wide compliance with regulations)
- Automatic due diligence program for customers and suppliers
- Continuously monitoring of compliance
- Incident reporting channels

Measurement of outcomes

- There were no confirmed instances of corruption or bribery relating to TIP
- No red flags in our due diligence checks on new and existing suppliers regarding corruption or bribery
- Strong track record with Consolidated Financial Statements being reviewed and signed off by external auditors without any major adjustments

Governance

In this section

Board of Directors

The Board of Directors of Global TIP Holdings Two B.V. is responsible for working with the senior leadership to develop strategy and **set corporate values in the interest of delivering long-term value to our shareholder.**

This includes deciding which risks TIP is prepared to take in pursuing its strategic objectives. The Board's oversight responsibilities involve constructively challenging senior leadership in relation to operational aspects of the business, including the approval of budgets, and probing whether risk management and internal controls are appropriate. The Board is also responsible for ensuring that accurate, timely and understandable information about the Group is provided to our shareholder, debt providers and other stakeholders.

Bob Fast – American
President and Chief Executive Officer

Bob (1956) 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 held leadership positions in a number 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. He is based in the Netherlands. Bob was appointed to the Board in 2014.

Main responsibilities: Strategy and business execution

Arjen Kraaij – Dutch
Chief Commercial Officer[1]

Arjen (1974) joined GE and TIP in 1997 and has held a number of international leadership roles for the company since that time. These range from general management to commercial leadership roles, in addition to leading M&A and asset management functions globally. Since 2014, Arjen has led the successful acquisition strategy, and also heads the Group's commercial and asset management functions.

Arjen became Deputy CEO for the Group as of 1 January 2021. He is based in the Netherlands. Arjen was appointed to the Board in 2019.

Main responsibilities: Commercial, marketing, business development, fleet sourcing, asset management and remarketing

[1] Appointed Deputy Chief Executive Officer effective 1 January 2021.

Hans Van Lierop – Dutch
Chief Financial Officer

Hiske Damhuis – Dutch
Chief Human Resources Officer

Hans (1966) was appointed CFO for TIP in May 2020. Prior to this he held financial leadership roles at Diageo, Airtel, and Massmart Walmart. Most recently, Hans was Group CFO at Massmart Walmart, a South African retail and wholesale distributor with a turnover of US$ 7 billion, where he led a finance and real estate management team of 500 staff across four divisions in multiple countries in Africa. Hans brings broad international expertise from different industries to TIP, with more than 25 years' experience in finance, 13 years of which as CFO. He is based in the Netherlands. Hans was appointed to the Board in 2020.

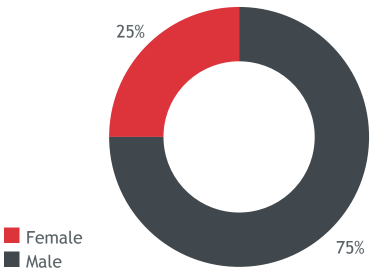
Main responsibilities: Financing, treasury, investor relations, credit risk, planning, financial reporting, accounting and tax

Hiske (1976) 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 board member of the GE Pension fund in the Netherlands and HR Council leader for GE's businesses in the Benelux from 2010 until 2013. Hiske led the carve-out from GE from the perspective of people and employee communication, payroll and benefits, HRIS and employee relations. Prior to 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 2019.

Main responsibilities: People and employee communication

TIP years of experience (The Board)[2]

Gender diversity (The Board)[2]



[2] At year end.

Senior leadership

Deep industry and international experience

The Executive Management Team (EMT) has responsibility for the day-to-day management of our company, the deployment of our strategy and policies, and the achievement of our objectives and results. Together with the Boards, the EMT determines the company's values, together with ensuring 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) is composed of the Management Board in addition to our regional and product Vice Presidents. The SLT provides strategic advice and inputs 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, EHS, integration of TIP-acquired businesses and non-fleet sourcing

Jan Ihlau – German († 25 December 2020)
Chief Legal Officer and Company Secretary

Main responsibilities: Legal, Compliance, Corporate Governance and Insurance

Form together with the EMT the SLT:

Oliver Bange – German
Vice President
Central Europe Region

Mark Crossland – British
Vice President
Tankers UK

Didier Felice – French
Vice President
M&R and TIP Insight

Michael Furnival – British
Vice President
UK and Ireland Region

Rogier Laan – Dutch
Vice President
Benelux Region

Jim MacIntosh – Canadian
Acting Vice President
Canada

Frederic Notte – French
Vice President
Mediterranean Region

Christian Petersen – Danish
Vice President
Nordic Region

Corporate governance structures

Our corporate governance provides stakeholders with a safe and agile corporate structure, which is designed to **deliver shareholder returns and ensure effective controls are in place to protect our stakeholders.**

Our corporate governance principles have been approved by our shareholder, our Supervisory and Management Boards, and our EMT. They guide our practices and policies across the countries in which we operate, ensuring we remain responsive to our shareholder, and other stakeholders and communities.

Our Shareholder

Cube Transportation

Cube Transportation was established in 2018 to acquire TIP and its related subsidiaries. In addition to providing board and management support to TIP through the board committees, Cube Transportation provides support activities to TIP's operating entities, marketing, sourcing, funding, treasury, investor relations, finance, HR and asset management.

Our ultimate beneficial shareholder is ISQ Global Infrastructure Fund II, a limited partnership managed by I Squared Capital. Our senior leaders regularly participate in I Squared Capital portfolio conferences and best practice sharing events.

Our boards

The Supervisory Board

The Supervisory Board supervises the Management Board and the general course of affairs of the company. It provides advice to the Management Board and coordinates strategic matters between I Squared Capital and TIP. The Supervisory Directors are guided by the interests of the company when performing their duties. Members of the Supervisory Board are appointed for an indefinite period.

The **members** of the Supervisory Board are:

- Adil Rahmathulla - appointed 2018
- 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 I Squared Capital and TIP
- Supervision of the Management Board
- Provide advice to the Management Board
- Strategic matters

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

The Supervisory Board met twice in 2020.

The Management Board

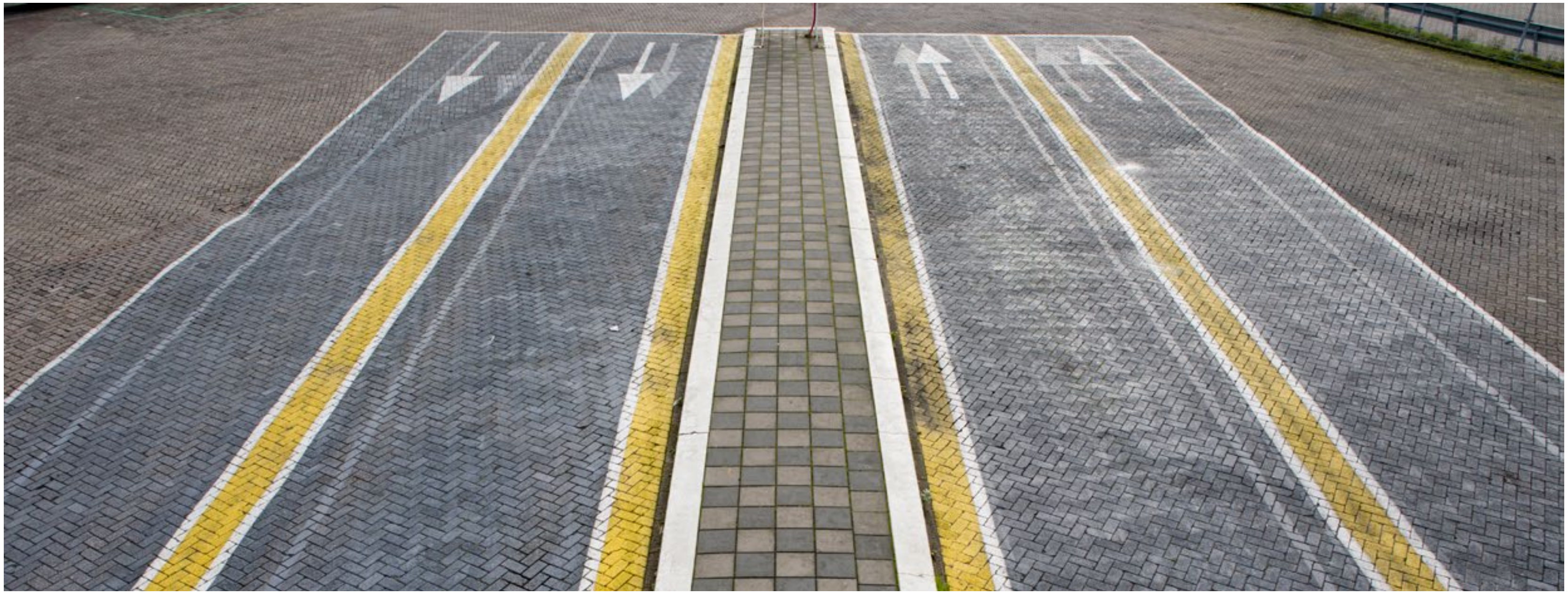
Our Management Board is ultimately responsible and accountable for the conduct of the business. Members of the Management Board are appointed for an indefinite period.

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

The main **responsibilities** of the Management Board are:
- Achievement of the business objectives
- Executing TIP's corporate strategy
- Business growth opportunities and risks
- The structure and operation of internal risk management and control systems
- The financial reporting process
- Compliance with legislation and regulations
- Corporate social responsibility
- Supervising operations and the EMT

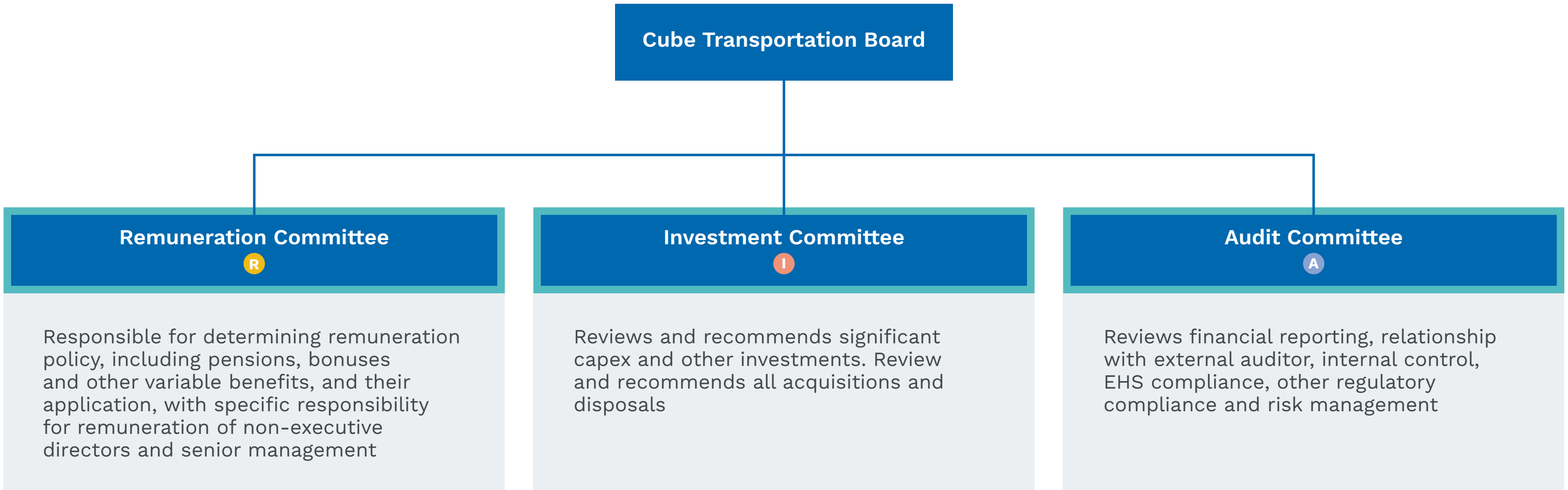
Individual Management Board members regularly interact with the SLT on both an individual and group basis. They also met and participated in conference calls with broad groups of employees, on both an individual and group basis.

The Management Board met three times in 2020.



Cube Transportation Board Committees

In order to improve effectiveness and efficiency, three joint Supervisory and Management Board Committees were established in early 2019. The appointment of these committees, together with the Charters governing their roles and responsibilities, were approved by the members (shareholders) at the time of their establishment. These committees cover investments, audit and compliance matters, and remuneration. 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 backup documentation on request. The Company Secretary acts as secretary to all Board Committees.



Remuneration Committee

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

- Adil Rahmathulla - appointed 7 February 2019
- Mohamed Adel El-Gazzar - appointed 7 February 2019
- 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

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

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
- Jan Ihlau († 25 December 2020) - appointed 7 February 2019
- Hans Van Lierop - appointed 22 July 2020

Individual directors regularly interact with the SLT on both 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 any transactions under which members of the Board could face a conflict of interest that is of material significance to the business and/or to the relevant members of the Board, require the approval of the Board. The Board is responsible for deciding on how to resolve conflicts of interest between members of the Board and the SLT, members of the Boards, our shareholder and the external auditor.

During 2020, no conflicts of interest were identified.

Directors’ responsibility statement

The Board is responsible for maintaining proper accounting records, safeguarding assets, and preventing and detecting fraud and other irregularities. Furthermore, the Board is 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 standard set of accounting and reporting principles applied throughout the Group based on our application of International Financial Reporting Standards
- Monthly reporting and financial results, through which developments are analysed, explained and linked to our risk information
- Compliance with standard accounting and reporting principles is monitored by our Financial Controllership, TIR and Tax teams, in addition to being reviewed by the external auditors

On 22 March 2021, 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 2020 and the independent auditor’s assurance report that EY had issued on those financial statements. Following that discussion, the Board authorised the consolidated financial statements for the year 2020 for issuance.

As required by section 5:25c paragraph 2(c) of the Dutch Act on Financial Supervision, each member of the Board 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
- Additional disclosures have been provided when compliance with the specific requirements in IFRS is insufficient 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 faces, providing appropriate information for stakeholders to assess the Group’s performance, business model and strategy

Amsterdam, March 2021

Bob Fast
Arjen Kraaij
Hans Van Lierop
Hiske Damhuis

Viability statement

The Board has assessed our prospects and ability to meet our liabilities as they fall due over the medium-term. This assessment has taken account of 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 included in the financial statements section of this report.

While the Board has no reason to believe we will not be viable over a longer period, the period over which they consider it possible to form a reasonable expectation as to our longer-term viability is the five-year period to December 2025. This aligns with the duration of the business plan prepared annually and reviewed by the Board and the long-term contractual and commercial nature of the business. In addition, we have committed and varied (type, duration and jurisdiction) borrowing facilities that are long-term in nature, providing flexible financing for our business needs. We believe this provides a reasonable degree of confidence with regards to our longer-term outlook.

We prepare an annual budget and five-year business plan. This plan considers 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 might affect liquidity. It also takes our ability to raise finance and deploy capital into account.

The nature of our business is such that our cash flow is counter-cyclical. In times of improving and stable markets, we invest in our leasing and rental fleet, both to replace existing fleet, and to grow the overall size of the leasing and rental portfolio. This results in improving margins and profits on the one hand, but negative cash flow from operations in times of rapid growth on the other. 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 any downturn and subsequent recovery. These scenario plans consider the impact of the economic and market cycles on revenue, margins, cash flow and overall borrowing levels.

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

For the reasons set out above, the Board 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 2025.

Financial statements

In this section

Consolidated statement of profit or loss

for the period ended 31 December

€m	Note	2020	2019
Revenue	8	914.2	625.6
Cost of sales	9	(685.2)	(466.9)
Expected credit losses	9	(4.5)	(2.0)
Gross profit		**224.5**	**156.7**
Administrative and other operating expenses	10	(137.1)	(104.2)
Amortisation of intangible assets	10	(7.6)	(6.2)
Exceptional administrative items	16	(6.4)	(10.8)
Operating profit		**73.4**	**35.5**
Finance income		-	0.3
Exceptional gain arising on acquisition	16	-	27.9
Finance cost	14	(51.4)	(34.1)
Exceptional finance cost	16	-	(1.9)
Profit before taxes		**22.0**	**27.7**
Taxation	15	(7.0)	(3.5)
Exceptional taxation	16	6.1	0.6
Taxation		**(0.9)**	**(2.9)**
Net profit		**21.1**	**24.8**
Attributable to:			
Equity holders of the parent		21.1	24.7
Non-controlling interests		-	0.1
Net profit		**21.1**	**24.8**
Underlying operating profit[1]		**87.4**	**52.5**

[1] 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	2020	2019
Net profit		**21.1**	**24.8**
Foreign currency translation		(14.0)	6.2
Taxation	15.2	-	-
Foreign currency translation reserve, net of tax		**(14.0)**	**6.2**
Cash flow hedge revaluation		(9.9)	(0.6)
Taxation	15.2	2.1	0.2
Cash flow hedge, net of tax		**(7.8)**	**(0.4)**
OCI to be reclassified to profit or loss in subsequent periods, net of tax		**(21.8)**	**5.8**
OCI for the period, net of tax		**(21.8)**	**5.8**
Comprehensive income/(loss) for the period, net of tax		**(0.7)**	**30.6**
Attributable to:			
Equity holders of the parent		(0.7)	30.5
Non-controlling interests		-	0.1
Comprehensive income/(loss) for the period, net of tax		**(0.7)**	**30.6**

Consolidated balance sheet
at period ended 31 December

€m	Note	2020	2019[1]
Fleet	17	1,743.7	1,848.3
Property, plant and equipment	18	211.7	230.7
Intangible assets	19	136.8	145.0
Deferred tax assets	20	4.1	5.1
Non-current assets		**2,096.3**	**2,229.1**
Inventories	21	18.8	32.8
Trade and other receivables	22	155.2	168.1
Current tax assets		0.2	1.7
Cash and equivalents	23	13.4	16.5
Current assets		**187.6**	**219.1**
Total assets		**2,283.9**	**2,448.2**
Borrowings	24	121.1	122.5
Derivatives	25	3.7	1.2
Provisions	26	0.9	0.8
Trade and other payables	27	153.7	195.6
Current tax liabilities		5.9	2.8
Current liabilities		**285.3**	**322.9**
Borrowings	24	1,361.6	1,469.7
Derivatives	25	7.4	0.1
Provisions	26	0.4	0.2
Trade and other payables	27	25.6	25.7
Deferred tax liabilities	20	75.9	88.7
Non-current liabilities		**1,470.9**	**1,584.4**
Total liabilities		**1,756.2**	**1,907.3**
Net assets		**527.9**	**540.9**
Share capital	29	-	-
Share premium	29	432.1	432.1
Retained earnings		123.9	115.2
Other reserves	29	(28.3)	(6.5)
Equity attributable to parent		**527.7**	**540.8**
Non-controlling interests		-	0.1
Equity		**527.7**	**540.9**

[1] See note 7 on the adjustment as a result of differences between the finalised and the provisional fair value measurement of the identifiable assets and liabilities relating to the acquisition of Trailer Wizards Ltd.

Consolidated statement of changes in equity

for the period ended 31 December

€m	Note	Share capital	Share premium	Retained earnings	Other reserves	Equity attributable to parent	Non-controlling interests	Equity
At 1 January 2019		-	225.7	90.5	(12.3)	303.9	-	303.9
Net profit		-	-	24.7	-	24.7	0.1	24.8
OCI for the period	29	-	-	-	5.8	5.8	-	5.8
Total comprehensive income		-	-	24.7	5.8	30.5	0.1	30.6
Increase	29	-	206.4	-	-	206.4	-	206.4
Distribution	29	-	-	-	-	-	-	-
At 31 December 2019		-	432.1	115.2	(6.5)	540.8	0.1	540.9
Net profit		-	-	21.1	-	21.1	-	21.1
OCI for the period	29	-	-	-	(21.8)	(21.8)	-	(21.8)
Total comprehensive income		-	-	21.1	(21.8)	(0.7)	-	(0.7)
Dividends	29	-	-	(12.4)	-	(12.4)		(12.4)
Sale of NCI		-	-	-	-	-	(0.1)	(0.1)
At 31 December 2020		-	432.1	123.9	(28.3)	527.7	-	527.7

Consolidated statement of cash flow

for the period ended 31 December

€m	Note	2020	2019
Operating activities			
Profit before tax		22.0	27.7
Adjustments to reconcile profit before tax to net cash flows	a	363.1	201.7
Working capital movements	b	(15.1)	3.3
Net fleet investments	c	(180.4)	(212.4)
Net interest and tax	d	(46.2)	(61.5)
Net cash flows from/(used in) operating activities		**143.4**	**(41.2)**
Investing activities			
Business combinations (net of cash acquired)		-	(784.0)
Proceeds from PP&E sales		0.7	1.6
PP&E purchases		(6.6)	(10.9)
Intangible assets additions	19	(5.8)	(2.0)
Net cash flow from/(used in) investing activities		**(11.7)**	**(795.3)**
Net cash flow after investing activities		**131.7**	**(836.5)**
Financing activities			
Borrowing drawdowns		192.3	820.7
Payment of principal portion of lease liabilities		(48.5)	(45.3)
Borrowing repayments		(266.3)	(140.1)
Share premium increase	29	-	206.4
Dividends paid	29	(12.4)	-
Net cash flow from/(used in) financing activities		**(134.9)**	**841.7**
Net cash flow after investing and financing activities		**(3.2)**	**5.2**
Cash and equivalents at 1 January		16.5	11.1
Net increase/(decrease) in cash and equivalents		(3.2)	5.5
Net foreign exchange difference		0.1	(0.2)
Cash and equivalents at 31 December	23	**13.4**	**16.5**

Additional information on the consolidated statement of cash flow

for the period ended 31 December

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

€m	Note	2020	2019
Gain on disposal of fleet		(9.1)	(3.1)
Gain on disposal of PP&E	10	-	(0.2)
(Gain)/loss on disposals		**(9.1)**	**(3.3)**
Depreciation of fleet	17	274.6	169.6
Depreciation of PP&E	18	30.6	20.2
Amortisation of intangible assets	19	7.6	6.2
Depreciation/amortisation		**312.8**	**196.0**
Finance income		-	(28.2)
Finance cost		51.4	36.0
Finance items		**51.4**	**7.8**
Other non-sale disposals related to fleet	17	3.2	2.4
Movement in provisions		0.3	(1.2)
Lease modifications		4.5	-
Other non-cash adjustments		**8.0**	**1.2**
Total	a	**363.1**	**201.7**

b) Working capital movement

€m	Note	2020	2019
Increase/(decrease) of inventories		(14.0)	1.6
Increase/(decrease) of trade receivables		(12.9)	20.4
(Increase)/decrease of trade payables		42.0	(25.3)
Total	b	**15.1**	**(3.3)**

c) Net fleet investments

€m	Note	2020	2019
Proceeds from fleet sales		84.5	39.9
Fleet purchases		(261.3)	(247.7)
Fleet customisation expenditures paid	17	(3.6)	(4.6)
Net fleet investments	c	**(180.4)**	**(212.4)**

d) Net interest and tax

€m	Note	2020	2019
Interest paid		(40.8)	(28.7)
Interest rate swaps realised loss	14	(3.1)	(1.2)
Debt issuance fee		(0.3)	(22.1)
Income tax paid		(2.0)	(9.5)
Net interest and tax	d	**(46.2)**	**(61.5)**

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 period ended 31 December 2020, were authorised for issue in accordance with resolution of the Board of Directors of the Company dated 22 March 2021. Information on the Group shareholding structure is provided in note 30.

The Company is a “besloten venootschap” (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 2020 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 (UP) of the Company is I Squared Global Infrastructure Fund II (“Fund II”). ISQ Global Fund II GP, LLC is the general partner who exercises the exclusive management and control decisions on behalf of Fund II. 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 who indirectly controls more than 25% of the Company via his indirect interest of more than 25% in ISQ Global Fund II GP, LLC. As of the date of this report, no investors owned 10% or more of the economic interests in the entire ISQ Global Infrastructure Fund II structure.

I SQUARED CAPITAL

(I Squared Capital Advisors (US) LLC) is an independent global infrastructure investment manager who provides investment advice to Fund II, its investors and portfolio companies. It is a $24.5 billion Infrastructure Private Equity firm and a registered SEC investment adviser – SEC# 801-78269, headquartered in Miami, with five additional offices in New York, London, New Delhi, Singapore and Hong Kong. It invests in five sectors within infrastructure (energy, utilities, transportation, social and digital infrastructure) and has a global strategy investing in both OECD and non-OECD with local teams on the ground.

Fund II has a diverse range of investors, including public and private pension funds, insurance companies, funds of funds, sovereign wealth funds, asset managers and banks. These investors are 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) 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.

b) Principal accounting convention

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

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at 31 December 2020.

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 an 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).

d) Comparatives

The consolidated financial statements present one year of comparative figures. Previously the Company was voluntarily presenting 2 years of comparative information in the financial statements.

e) Statement of cash flow

The statement of cash flow 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.

f) 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 fulfils 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.

g) 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. Summary of significant accounting policies

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 fair value 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.

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.

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. Contingent rents are recognised as revenue in the period in which they are earned.

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 and impairment on receivables.

VI) Lease in: represent costs incurred from leases (less than 12 months) where related assets are leased on to customers as part of the Group's core business.

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 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. For more details see note 3h.

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 l) 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 subsidiaries 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) 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 by 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.

g) Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so 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 income statement.

h) Fleet

Fleet acquired is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the expense of replacing equipment components of the fleet if the relevant recognition criteria are met. When significant equipment components of the fleet are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives 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 Asset Management team 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 periods for new equipment ranges from 5 to 9 years, depending on the equipment type. Estimated residual values for the initial holding period for trailers range from 32% to 52% of the cost, depending on the equipment type. For trucks the estimated residual values are zero.

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% or 15% of the cost, depending on the equipment type.

i) Leases

The Group retrospectively applied IFRS 16 as of 1 January 2019. 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 to make lease payments 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 specified in the contracts.

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 and 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. The Group liabilities are included in interest-bearing loans and borrowings.

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

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

j) 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 technic 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, 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 Asset Management team 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.

k) 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	**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, usually on 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.

l) 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	3-5	Straight line	Acquired/internal

m) Inventories

Fleet/Buy to sell

Fleet and Buy to sell inventories are carried at the lower of cost or net realisable value and are intended to be sold within one year. 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.

n) 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.

o) Financial instruments

I) Trade and other receivables

Trade and other receivables are initially recognised at transaction price and subsequently measured at amortised cost.

Trade and other receivables 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.

For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL 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 trade and other receivables and the economic environment.

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.

p) 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.

q) 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 general recognition criteria for provisions are fulfilled. Additionally, the Group follows a detailed formal plan about the business or part thereof, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate time-line. The people affected should also have a valid expectation that the restructuring is being carried out or that the implementation has already been initiated.

r) 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.

s) 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.

t) New standards, amendments and interpretations

Amendments to IFRS 7, IFRS 9, IAS 39: Interest Rate Benchmark Reform and IFRS 16: COVID-19 related Rent Concessions

The amendments to IFRS 9 and IAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform.

These amendments had no impact on the consolidated financial statements of the Group as all LIBOR related interest rate hedging relationships will mature before LIBOR is terminated in December 2021. The Group does not intend to restructure these relationships prior to December 2021.

Termination dates of other interest rates benchmarks have not been announced yet.

On 28 May 2020, the IASB issued COVID-19 related Rent Concessions - amendment to IFRS 16. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

This amendment had no material impact on the consolidated financial statements of the Group.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

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.

Judgments

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 Management 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. Via contractual arrangements between the SPV and the rest of the Group, all risks (including asset risk, credit risk, liquidity risk and interest rate risk) are transferred to the Group by means of a subordinated loan, residual value guarantees provided to the SPV and other instruments.

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) 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.

b) Taxation

The Group is subject to corporate tax in numerous jurisdictions. Significant estimates are required in determining the Group provision for current and deferred tax positions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit 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.

c) 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.

d) Fair value measurement of borrowings and derivatives

When the fair values of borrowings and 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, volatility and 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 borrowings and derivatives.

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.

e) Leases

Fleet

The Group uses its internal residual value assessment to determine the split between depreciation and interest in the lease and therefore, the effective interest rate. There is no maintenance component attached to these fleet lease in contracts.

Land and buildings (property)

The Group applies an incremental borrowing cost approach to determine the interest associated with these contracts. There are limited maintenance obligations attached to these property lease contracts. The Group elected to account for lease and associated non-lease components as a single lease component. The Group does not have sufficient data to allocate right of use assets between land and buildings and structures. The Group has included all in buildings and structures.

Motor vehicles

The Group applies an incremental borrowing cost approach to determine the interest associated with these contracts. The separation of the maintenance component is based on the supplier's estimate.

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.

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

As the Group does not engage in insurance activities, the new standard will have no impact on the Group's financial reporting.

Several other IFRS amendments and interpretations were issued in 2020, but are not applicable or will not impact the consolidated financial statements or disclosure notes of the Group.

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	2020	2019
Interest cover	1.8x	1.5x
Solvency	21%	20%
Loan to value	89%	88%

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.

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	2020	2019
Gross borrowings after foreign exchange	24	1,492.8	1,607.2
Less: cash and equivalents	23	(13.4)	(16.5)
Net borrowings		**1,479.4**	**1,590.7**
Equity		527.7	540.9
Capital and net borrowings		**2,007.1**	**2,131.6**
Gearing ratio		74%	75%

7. Business combination

a) On 27 December 2019 the Group acquired 100% of the share capital of Trailer Wizards Limited. Due to the timing of the transaction, the measurement and assignment of the fair values to the net identifiable assets was included in the 2019 consolidated financial statements on a provisional basis.

The Group has now completed the assignment of fair values to identifiable net assets.

The table below shows the differences between the provisional and the finalised accounting treatment:

€m	Previously reported	Adjustment	Adjusted
Fleet	1,847.8	0.5	1,848.3
Customer list	47.3	(0.8)	46.5
Goodwill	61.2	0.7	61.9
Trade receivables	168.6	(0.5)	168.1
Total assets	**2,124.9**	**(0.1)**	**2,124.8**
Deferred tax liabilities	(88.8)	0.1	(88.7)
Total liabilities	**(88.8)**	**0.1**	**(88.7)**

The Group income statement was not impacted by the adjustments detailed above.

b) During December 2019 the Group acquired PEMA Group and Trailer Wizards Limited, thus Statement of Profit or Loss for 2019 does not include full year results of PEMA Group and Trailer Wizards Limited.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Specific notes

8. Revenue

€m	Note	2020	2019
Leasing		452.3	297.1
Rental		209.2	133.7
Damage protection		29.3	22.4
Leasing and rental		**690.8**	**453.2**
M&R 3rd party		115.5	116.8
Fleet sales		84.5	39.9
Other		23.4	15.7
Total		914.2	625.6

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

€m	Note	2020	2019
Embedded maintenance revenue		247.3	170.8

9. Cost of sales

€m	Note	2020	2019
M&R own fleet		221.2	148.3
Damage protection		13.6	12.0
Leasing and rental variable		**234.8**	**160.3**
M&R 3rd party		86.9	88.2
Fleet sales		75.4	36.8
Other		12.4	10.7
Variable		**409.5**	**296.0**
Expected credit losses		4.5	2.0
Total variable		414.0	298.0
Depreciation of fleet	17	274.6	169.6
Lease in - low value assets		1.1	1.3
Total fixed		275.7	170.9
Total		689.7	468.9

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

€m	Note	2020	2019
Employee benefit expenses	11	66.0	45.7
Outside service fees	12	23.3	20.0
Travel and living		3.9	5.8
Other facilities		7.5	5.2
Office expenses		3.6	2.3
Sales promotion		0.9	1.8
Other expenses		1.3	3.3
Other operating expenses		40.5	38.4
Depreciation of PP&E	18	30.6	20.2
(Gain)/loss on disposal of PP&E		-	(0.2)
Total excluding exceptional		137.1	104.1
Exceptional items	16	6.4	10.8
Total		143.5	114.9
Amortisation of intangible assets	19	7.6	6.2

11. Employee benefit expenses

€m	Note	2020	2019
Wages and salaries		124.7	89.9
Social security		19.4	13.7
Pension		6.8	6.8
Other		0.7	1.0
Compensation and benefits		151.6	111.4
Included in contribution/cost of sales		(85.3)	(65.2)
Included in software (capitalised/work in progress)		(0.3)	(0.5)
Employee beneft expenses	10	66.0	45.7
Wages and salaries		54.3	36.7
Social security		8.6	5.6
Pension		3.2	3.0
Other		-	0.3
Total	10	66.0	45.7
Average headcount[1]		2,779	2,790

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

The employee benefit expenses of €85.3m (2019: €65.2m) included in cost of sales contain €70.2m (2019: €52.7m) of wages and salaries, €10.8m (2019: €8.1m) of social security €3.6m (2019: €3.8m) of pension and €0.7m (2019: €0.6m) of other salary related expenses.

12. Outside service fees

€m	Note	2020	2019
IT services		12.0	10.4
Legal		2.3	1.1
Temporary staff		2.0	1.9
Audit and accounting advisor fees	13	1.6	2.1
HR Services		1.4	1.4
Business process outsourcing		1.1	1.0
Consultancy		1.1	0.5
Banking services		0.7	0.4
Other		1.1	1.2
Total	10	23.3	20.0

13. Audit and accounting advisory fees

€m	Note	2020	2019
Fees to Group auditor for audit of Group's annual financial statements		0.2	0.3
Fees to auditors for audit of subsidiaries pursuant to legislation		0.8	1.3
Audit fees[1]		**1.0**	**1.6**
Tax services		0.1	0.2
Non-audit fees Group auditor[1]		**0.1**	**0.2**
Other services		0.5	0.3
Non-audit fees paid to other accounting firms		**0.5**	**0.3**
Total	12	1.6	2.1

[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.

14. Finance cost

€m	Note	2020	2019
Interest		40.3	27.4
Commitment fees		1.1	1.8
Amortisation of deferred fees		4.6	2.1
Funding related finance cost		**46.0**	**31.3**
Foreign exchange losses		2.1	1.6
Finance cost before derivatives		**48.1**	**32.9**
Interest rate swap realised loss		3.1	1.2
Interest rate swaps fair market value loss		0.2	
Derivatives		**3.3**	**1.2**
Total finance cost excluding exceptional		**51.4**	**34.1**
Exceptional items	16	-	1.9
Total		51.4	36.0

Funding related costs occur on borrowings as set out in note 24. Interest expense includes €8.6m (2019: €8.6m) of interest expenses related to lease liabilities.

The Group regularly enters into floating to fixed swaps to hedge interest rates on its RCF facility. In 2020, the Group rolled over the hedges maturing in 2020 until December 2023. The hedges qualify for hedge accounting, hence movements in fair market value have been reported in the other reserves account, please refer to note 29 for further details.

15. Taxation

15.1 Taxation for the period

The major components are as follows:

€m	Note	2020	2019
Current taxation for the period		7.4	2.7
Adjustment to prior periods		(1.2)	(0.4)
Current tax		**6.2**	**2.3**
Changes in tax rates	20.1	1.7	0.2
Deferred taxation for the period	20.1	(7.6)	0.1
Adjustment to prior periods	20.1	0.6	0.3
Deferred tax		**(5.3)**	**0.6**
Taxation		**0.9**	**2.9**
Non-exceptional taxation		7.0	3.5
Exceptional taxation	16	(6.1)	(0.6)
Taxation		**0.9**	**2.9**

Effective tax rate (ETR) reconciliation

In the tables below, the reconciliation between the statutory tax rate in the Netherlands and the ETR for the Group is shown:

	Non-exceptional		Exceptional	Total	
2020	€m	%	€m	€m	%
Profit before taxes	28.4		(6.4)	22.0	
Dutch statutory tax	(7.1)	26%	1.6	(5.5)	25%
Effect of tax rates in foreign jurisdictions	0.8	(3%)	-	0.8	(3%)
Non-deductible expenses	(0.6)	2%	-	(0.6)	3%
Non-taxable income	-	-	-	-	-
Change in tax rates	-	-	(1.7)	(1.7)	8%
Deferred taxation for the period	(0.7)	2%	6.2	5.5	(25%)
Adjustment to prior periods	0.6	(2%)	-	0.6	(3%)
Taxation and ETR	**(7.0)**	**25%**	**6.1**	**(0.9)**	**5%**

	Non-exceptional		Exceptional	Total	
2019	€m	%	€m	€m	%
Profit before taxes	12.5		15.2	27.7	
Dutch statutory tax	(3.1)	25%	(3.8)	(6.9)	25%
Effect of tax rates in foreign jurisdictions	0.1	(1%)	(1.3)	(1.2)	4%
Non-deductible expenses	(0.5)	4%	(2.9)	(3.4)	12%
Non-taxable income	0.1	(1%)	8.6	8.7	(31%)
Change in tax rates	-	-	(0.2)	(0.2)	1%
Deferred taxation for the period	(0.3)	2%	0.2	(0.1)	-
Adjustment to prior periods	0.2	(2%)	-	0.2	(1%)
Taxation and ETR	**(3.5)**	**27%**	**0.6**	**(2.9)**	**10%**

The Group's operations are subject to corporate tax in various countries. Excluding certain tax incentives, the statutory tax rates vary from 12.5% to 31.2%.

The difference between the Dutch statutory corporate tax rate and the ETR for the Group is mainly due to: the effect of varying tax rates across the countries in which the Group operates, non-deductible expenses, tax benefits and non-taxable income following country tax legislation, prior period adjustment results from the adjustment of tax positions, the enacted and substantially enacted change in tax rates in Austria, the Netherlands, France, Sweden and United Kingdom for current and future years and the impact of deferred tax using updated business plans.

The details of exceptional tax are disclosed in note 16.

15.2 Deferred tax recognised in OCI during the period

€m	Note	2020	2019
Foreign currency translation		-	-
Cash flow hedge	29.3	2.1	0.2
Deferred tax effect charge in OCI		**2.1**	**0.2**

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.

16. Exceptional items

The Group recognised exceptional items in the profit or loss made up as follows:

€m	Note	2020	2019
Other operational items	a	(6.4)	(10.8)
Administrative items	10	**(6.4)**	**(10.8)**
Finance items	b	-	(1.9)
Gain arising on acquisition	c	-	27.9
Total pre-tax		**(6.4)**	**15.2**
Taxation on profit before tax		1.6	0.6
Change in tax rates		(1.7)	(0.2)
Impact on deferred tax from using updated business plan		6.2	0.2
Total tax	d	**6.1**	**0.6**
Total post tax		**(0.3)**	**15.8**

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	2020	2019
Integration	(3.8)	-
COVID-19	(1.6)	-
Sale of business	(1.0)	-
Acquisition costs	-	(10.8)
Total	**(6.4)**	**(10.8)**

Integration expenses in 2020 are related to two major M&A deals performed in December 2019. COVID-19 costs mainly relate to special pays to mechanics, special cleaning of workshops and offices and costs of setting up the IT for working from home for the employees, expenses related to sale of business arose from the disposal of Best of Pneu. In 2019 the Group had €10.8m exceptional expenses related to the acquisitions of PEMA and Trailer Wizards.

b) Finance items:

Finance expense in 2019 was related to the acquisition of Trailer Wizards in the amount €1.9m of non-deferrable bank fees.

c) Gain arising on acquisition:

The cost of the investment in PEMA was lower than the fair value of the net assets acquired. This difference, or bargain purchase gain of €27.9m, was recorded in the consolidated statement of profit or loss of the Group for the year ended 31 December 2019 as exceptional gain arising on acquisition.

d) Tax:

€m	Note	2020	2019
Current tax liability		1.6	0.1
Deferred taxes		6.2	0.7
Change in tax rates		(1.7)	(0.2)
Total	15.1	**6.1**	**0.6**

The change in deferred taxes relates to mergers between TIP and PEMA Denmark and Sweden. Both TIP entities had provisions for deferred tax assets that were released to profit and loss to amount equal to deferred tax liabilities on the PEMA side.

17. Fleet

€m	Note	Cost	Depreciation	Total
At 31 December 2019		**1,398.0**	**(372.1)**	**1,025.9**
Additions		260.4	-	260.4
Fleet customisation		4.6	-	4.6
Business combinations		745.9	-	745.9
Depreciation	9	-	(169.6)	(169.6)
Disposals		(54.2)	23.0	(31.2)
Non-sale disposals		(4.4)	2.0	(2.4)
Transferred to inventories	21	(15.2)	9.9	(5.3)
Foreign exchange movements		26.9	(6.9)	20.0
At 31 December 2019		**2,362.0**	**(513.7)**	**1,848.3**
Additions		285.4	-	285.4
Fleet customisation		3.6	-	3.6
Business combinations		-	-	-
Depreciation	9	-	(274.6)	(274.6)
Disposals		(110.3)	39.1	(71.2)
Non-sale disposals		(5.0)	1.8	(3.2)
Transferred to inventories	21	(26.4)	14.9	(11.5)
Foreign exchange movements		(41.7)	8.6	(33.1)
At 31 December 2020		**2,467.6**	**(723.9)**	**1,743.7**

The majority of the Group's Fleet is pledged as collateral with respect to borrowings. Please refer to commitments and contingencies in note 32.

17.1 Right of use fleet

Included in fleet are right of use assets:

€m	Cost	Depreciation	Total
At 1 January 2019	**169.7**	**(48.9)**	**120.8**
Additions	12.6	-	12.6
Business combinations	-	-	-
Depreciation	-	(22.6)	(22.6)
Non-sale disposals	(0.6)	0.2	(0.4)
Transferred to fleet	(11.7)	4.6	(7.1)
Foreign exchange movements	4.2	(0.7)	3.5
At 31 December 2019	**174.2**	**(67.4)**	**106.8**
Additions	24.1	-	24.1
Business combinations	-	-	-
Depreciation	-	(20.1)	(20.1)
Non-sale disposals	(0.7)	0.2	(0.5)
Transferred to fleet	(19.4)	8.2	(11.2)
Foreign exchange movements	(4.5)	0.8	(3.7)
At 31 December 2020	**173.7**	**(78.3)**	**95.4**

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 Chief Commercial Officer and the Chief Remarketing Officer decide on redeployment or exit strategies.
In addition, the Operations team performs weekly/monthly physical stocktakes, and a full asset stocktake is performed bi-annually.

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

Cost

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2019	**34.5**	**145.4**	**5.6**	**15.9**	**201.4**
Additions	1.1	25.2	0.6	2.3	29.2
Business combinations	12.7	58.1	1.0	7.5	79.3
Disposals	(0.5)	(1.0)	-	-	(1.5)
Non-sale disposals	-	(1.6)	-	(0.2)	(1.8)
Foreign exchange movements	0.5	1.9	0.1	0.3	2.8
At 31 December 2019	**48.3**	**228.0**	**7.3**	**25.8**	**309.4**
Additions	1.0	18.6	-	4.8	24.4
Lease modifications/remeasurements	-	(4.5)	-	-	(4.5)
Disposals	-	(1.3)	-	(1.2)	(2.5)
Non-sale disposals	-	(2.6)	-	(0.3)	(2.9)
Foreign exchange movements	(0.8)	(4.4)	(0.2)	(0.5)	(5.9)
At 31 December 2020	**48.5**	**233.8**	**7.1**	**28.6**	**318.0**

Depreciation

€m	Note	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2019		**-**	**(47.4)**	**(2.7)**	**(8.7)**	**(58.8)**
Charge for the period	10	-	(16.4)	(0.6)	(3.2)	(20.2)
Disposals		-	0.2	-	0.2	0.4
Non-sale disposals		-	0.2	-	0.1	0.3
Foreign exchange movements		-	(0.1)	(0.1)	(0.2)	(0.4)
At 31 December 2019		**-**	**(63.5)**	**(3.4)**	**(11.8)**	**(78.7)**
Charge for the period	10	-	(22.8)	(0.8)	(7.0)	(30.6)
Disposals		-	1.0	-	0.4	1.4
Non-sale disposals		-	0.6	-	0.2	0.8
Foreign exchange movements		-	0.5	0.1	0.2	0.8
At 31 December 2020		**-**	**(84.2)**	**(4.1)**	**(18.0)**	**(106.3)**

Net book value at 31 December

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
2019	48.3	164.5	3.9	14.0	230.7
2020	**48.5**	**149.6**	**3.0**	**10.6**	**211.7**

[1] Other includes motor vehicles and IT equipment.

18.1 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 2019	**-**	**93.6**	**-**	**7.0**	**100.6**
Additions	-	18.0	-	0.8	18.8
Business combinations	-	38.5	-	0.8	39.3
Non-sale disposals	-	(1.6)	-	(0.2)	(1.8)
Foreign exchange movements	-	1.5	-	-	1.5
At 31 December 2019	**-**	**150.0**	**-**	**8.4**	**158.4**
Additions	-	14.5	-	3.3	17.8
Lease modifications/remeasurements	-	(4.5)	-	-	(4.5)
Non-sale disposals	-	(2.6)	-	(0.3)	(2.9)
Foreign exchange movements	-	(3.6)	-	(0.1)	(3.7)
At 31 December 2020	**-**	**153.8**	**-**	**11.3**	**165.1**

Depreciation

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2019	**-**	**(30.7)**	**-**	**(4.7)**	**(35.4)**
Charge for the period	-	(11.8)	-	(1.4)	(13.2)
Non-sale disposals	-	0.2	-	0.1	0.3
Foreign exchange movements	-	(0.1)	-	-	(0.1)
At 31 December 2019	**-**	**(42.4)**	**-**	**(6.0)**	**(48.4)**
Charge for the period	-	(19.0)	-	(1.8)	(20.8)
Non-sale disposals	-	0.6	-	0.2	0.8
Foreign exchange movements	-	0.4	-	-	0.4
At 31 December 2020	**-**	**(60.4)**	**-**	**(7.6)**	**(68.0)**

Net book value at 31 December

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
2019	-	107.6	-	2.4	110.0
2020	**-**	**93.4**	**-**	**3.7**	**97.1**

[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. The Group has included all in buildings and structures.

19. Intangible assets

Cost

€m	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2019	**18.8**	**29.5**	**22.6**	**17.7**	**88.6**
Additions	-	-	-	1.8	1.8
Business combinations	42.4	-	39.1	-	81.5
Foreign exchange movements	0.7	-	0.5	-	1.2
At 31 December 2019	**61.9**	**29.5**	**62.2**	**19.5**	**173.1**
Additions	-	-	-	5.8	5.8
Business combinations	-	-	-	-	-
Foreign exchange movements	(3.5)	-	(3.0)	(0.2)	(6.7)
At 31 December 2020	**58.4**	**29.5**	**59.2**	**25.1**	**172.2**

Amortisation

€m	Note	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2019		**-**	**-**	**(12.5)**	**(9.2)**	**(21.7)**
Charge for the period		-	-	(3.0)	(3.2)	(6.2)
Foreign exchange movements		-	-	(0.2)	-	(0.2)
At 31 December 2019		**-**	**-**	**(15.7)**	**(12.4)**	**(28.1)**
Charge for the period		-	-	(5.1)	(2.5)	(7.6)
Foreign exchange movements		-	-	0.3	-	0.3
At 31 December 2020		**-**	**-**	**(20.5)**	**(14.9)**	**(35.4)**

Net book value at 31 December

€m	Goodwill	Brand name	Customer lists	Software	Total
2019	61.9	29.5	46.5	7.1	145.0
2020	**58.4**	**29.5**	**38.7**	**10.2**	**136.8**

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 1.9% (2019: 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 2020 annual goodwill impairment testing process has resulted in no impairment (2019: nil).

The additional disclosures are as follows:

€m	2020	2019
Carrying amount	2,086.8	2,227.1
Discount rate applied to cash flow projections	4.5%	4.6%
Fair value	3,689.0	3,922.3
Headroom	1,602.2	1695.2
Coverage	177%	176%

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% and reducing the long-term growth rate by 1%, 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	10.9%
Net cash flow	Reduction	48.0%
Discount rate	Increase	6.7%
Long term growth rate	Reduction	2.7%

20. Deferred tax

Deferred tax assets and liabilities consist of:

€m	DTA 2020	DTL 2020	DTA 2019	DTL 2019
Fleet	23.6	(69.3)	30.0	(84.6)
Intangibles	0.9	(16.8)	1.6	(17.5)
PP&E	-	(24.5)	1.0	(28.1)
Trade and other receivables	-	(1.2)	0.9	(1.3)
Borrowings	32.2	-	33.7	-
Provisions	-	-	2.3	-
Trade and other payables	2.8	-	1.4	-
Net operating losses	17.3	-	20.5	-
Deferred tax before provisions	**76.8**	**(111.8)**	**91.3**	**(131.5)**
Provisions on net operating losses and tax credits	(14.3)	-	(13.5)	-
Provisions on other temporary differences	(22.5)	-	(29.9)	-
Provisions on deferred tax assets	**(36.8)**	**-**	**(43.4)**	**-**
Deferred tax after provisions	**40.0**	**(111.8)**	**47.9**	**(131.5)**
Allowable offset against deferred tax liabilities	(35.9)	35.9	(42.8)	42.8
Net deferred tax assets	**4.1**	**(75.9)**	**5.1**	**(88.7)**

20.1 Net deferred tax

Movements are as follows:

€m	Note	2020	2019
At 1 January		(83.6)	(21.9)
Tax rate changes	15.1	(1.7)	(0.2)
Deferred taxation for the period	15.1	7.6	(0.1)
Adjustment to prior periods	15.1	(0.6)	(0.3)
Business combinations		-	(60.4)
Foreign exchange movement		4.1	(0.7)
OCI Cash flow hedge		2.4	-
At 31 December		(71.8)	(83.6)

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 possible 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 some portion or all of the deferred tax assets will not be realised due to the forecasted profit before tax in some countries.

21. Inventories

€m	Note	2020	2019
Fleet held for sale			
At 1 January		3.1	1.3
Additions	17	11.5	5.3
Business combinations		-	1.5
Disposals		(12.2)	(5.0)
At 31 December		2.4	3.1
Buy to sell			
At 1 January		3.8	0.9
Additions		7.0	17.0
Business combinations		-	1.3
Disposals		(7.8)	(15.4)
At 31 December		3.0	3.8
Parts			
At 1 January		13.3	8.4
Additions		17.5	20.1
Business combinations		-	5.5
Used		(19.1)	(20.7)
At 31 December		11.7	13.3
Fleet work in progress			
At 1 January		12.6	-
Additions		1.7	0.6
Business combinations		-	12.0
Moved to Buy to sell		(1.4)	-
Moved to fleet		(11.2)	-
At 31 December		1.7	12.6
Total		18.8	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 be available yet for leasing or rental to customers.

22. Trade and other receivables

€m	Note	2020	2019
Trade receivables		119.7	129.0
Allowance for expected credit losses	22.1	(7.8)	(4.3)
Non-impaired trade receivables		**111.9**	**124.7**
VAT receivables		27.8	27.2
Prepayments		7.2	8.5
Unbilled lease revenue		5.8	6.2
Other		2.5	1.5
Total		**155.2**	**168.1**

Trade receivables and unbilled lease 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 34.4 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.

22.1 Allowance for expected credit losses on trade receivables

€m	Individually impaired	Collectively impaired	Total
At 1 January 2019	**3.9**	**0.6**	**4.5**
Charge for the period	1.9	0.1	2.0
Trade receivables written off	(2.2)	-	(2.2)
At 31 December 2019	**3.6**	**0.7**	**4.3**
Charge for the period	5.1	0.9	6.0
Trade receivables written off	(2.5)	-	(2.5)
At 31 December 2020	**6.2**	**1.6**	**7.8**

These expenses arise due to the recognition of impairment 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:

			Past due but not impaired				
€m	Total	Neither past due or impaired	1-30 days	31-60 days	61-90 days	91-120 days	>120 days
2020	**111.9**	**87.5**	**18.8**	**2.1**	**1.1**	**0.6**	**1.8**
2019	124.7	78.0	30.9	9.1	3.4	1.7	1.6

23. Cash and equivalents

€m	2020	2019
Cash at banks and on hand	13.2	16.5
Restricted cash	0.2	-
Total	**13.4**	**16.5**

24. Borrowings

2020 €m	RCF	ABS	FLB	TL	Total
At 1 January	**1,056.0**	**71.1**	**202.4**	**277.7**	**1,607.2**
Drawdowns	186.9	5.4	35.7	-	228.0
Business combinations	-	-	-	-	-
Repayments	(263.6)	(0.3)	(48.5)	(2.4)	(314.8)
Gross face value at period end	**979.3**	**76.2**	**189.6**	**275.3**	**1,520.4**
Foreign exchange movements	(19.7)	(1.5)	(6.3)	(0.1)	(27.6)
Gross value after foreign exchange	**959.6**	**74.7**	**183.3**	**275.2**	**1,492.8**
Accrued interest/commitment fees	2.7	-	-	1.0	3.7
Deferred fees	(13.8)	-	-	-	(13.8)
Total	**948.5**	**74.7**	**183.3**	**276.2**	**1,482.7**
Current	2.7	74.7	42.7	1.0	121.1
Non-current	945.8	-	140.6	275.2	1,361.6

2019 €m	RCF	ABS	FLB	TL	Total
At 1 January	**644.0**	**73.0**	**172.3**	**4.4**	**893.7**
Drawdowns	536.9	-	31.0	274.7	842.6
Business combinations	-	-	39.5	-	39.5
Repayments	(135.2)	(3.3)	(45.3)	(1.6)	(185.4)
Gross face value at period end	**1,045.7**	**69.7**	**197.5**	**277.5**	**1,590.4**
Foreign exchange movements	10.3	1.4	4.9	0.2	16.8
Gross value after foreign exchange	**1,056.0**	**71.1**	**202.4**	**277.7**	**1,607.2**
Accrued interest/commitment fees	2.6	-	-	0.5	3.1
Deferred fees	(18.1)	-	-	-	(18.1)
Total	**1,040.5**	**71.1**	**202.4**	**278.2**	**1,592.2**
Current	2.6	71.1	46.8	2.0	122.5
Non-current	1,037.9	-	155.6	276.2	1,469.7

24.1 Overview of principal borrowing facilities

Revolving credit facility (RCF)

On 20 December 2018, the Group refinanced and signed a new financing facility with a consortium of banks providing a €967.0m multicurrency 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 RCF facility was increased by €183.5m via the accordion clause in the agreement, with a combination of existing and new banks. The total RCF facility is €1,150.5m.

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% Ibor floor applicable to the facility. During 2020, the Group paid an average spread of 1.88% (2019: 1.80%).

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 32.

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 remaining accordion is €242.0m and can be used to raise funds both via the RCF and Term loan institutions. The institutional term loans rank pari-passu with the RCF facility in relation to security. The interest rate of this term loan is 2.4% and facility matures in November 2026.

Asset-backed securitisation facility (ABS)

The Group has a private financing transaction with a leading bank. Group established TIP Trailer Lease Services B.V. (TTLS) which uses a securitisation structure typical under Dutch law for operating lease securitisations.
The countries where the Group can use this facility are the Netherlands, Belgium, France, Germany, the United Kingdom, Ireland, Denmark, Norway, Sweden and Finland.

TTLS entered into a master agreement with TIP Trailer Services Management B.V. and its related Group entities (the "originator"). As a consequence of this agreement TTLS can buy future discounted cash flows of lease receivables and residual values from the originator as well as originate new operating lease receivables in its own right with the originator providing maintenance services for these leases and acquired leases.

The originator has the right to acquire the equipment at the end of the lease term. The TTLS transaction created a cross border revolving securitisation facility. With this transaction, TTLS concluded an asset-backed securitisation (ABS) warehousing facility with a leading bank. The existing committed senior facility is €100.0m and due to expire in March 2021.

This facility has no interest rate floor, and expansion to €300.0m is permitted under the RCF facilities agreement. This senior facility is a multicurrency 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 4.7% (2019: 5.1%).

The Group's obligations 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:

2020 €m	Total future minimum lease payments	Outstanding interest	PV of min. payments (principal amount)
Less than 1 year	49.9	7.2	42.7
Between 1 and 5 years	129.4	15.2	114.2
More than 5 years	30.2	3.8	26.4
Total	209.5	26.2	183.3

2019 €m	Total future minimum lease payments	Outstanding interest	PV of min. payments (principal amount)
Less than 1 year	55.1	8.3	46.8
Between 1 and 5 years	148.3	18.6	129.7
More than 5 years	29.0	3.1	25.9
Total	232.4	30.0	202.4

25. 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 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 34.3. Such derivative contracts are initially recognized 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 written directly to the profit and 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 recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized 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 changes in fair value recognized in profit or loss, or OCI:

€m	Note	2020	2019
Recognised in profit or loss	25.1	0.6	0.7
Recognised in the OCI	25.2	10.5	0.6
Total		11.1	1.3
Current		3.7	1.2
Non-current		7.4	0.1

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 recognized in the profit or loss.

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

€m	2020	2019
Interest rate swap	0.6	0.7
Total	0.6	0.7
Current	0.4	0.7
Non-current	0.2	-

The movement of the interest rate swaps was as follows:

€m	2020	2019
At 1 January	0.7	1.0
Reclass to derivatives at fair value through the profit or loss from OCI	-	-
Movement in fair value through profit or loss	(0.1)	(0.3)
At 31 December	0.6	0.7

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

2020 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	-	-	0.1	-	0.1
Outflows	(0.2)	(0.2)	(0.3)	-	(0.7)
Net	(0.2)	(0.2)	(0.2)	-	(0.6)

2019 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	(0.3)	(0.3)	(0.3)	-	(0.9)
Outflows	-	(0.1)	0.3	-	0.2
Net	(0.3)	(0.4)	-	-	(0.7)

25.2 Derivatives with changes in fair value recognised in OCI

€m	Note	2020	2019
At 1 January		0.6	-
Fair value during period		9.9	0.6
Reclass to derivatives at fair value through the profit or loss	25.1	-	-
At 31 December		10.5	0.6
Current		3.4	0.6
Non-current		7.1	-

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

2020 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	-	0.6	2.9	-	3.5
Outflows	(0.2)	(3.8)	(10.0)	-	(14.0)
Net	(0.2)	(3.2)	(7.1)	-	(10.5)

2019 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	0.6	3.6	15.1	-	19.3
Outflows	(0.7)	(4.1)	(15.1)	-	(19.9)
Net	(0.1)	(0.5)	-	-	(0.6)

26. Provisions

€m	Restructuring	Other	Total
At 1 January 2019	0.4	1.8	2.2
Charge for the period	-	-	-
Utilised	(0.4)	(0.8)	(1.2)
At 31 December 2019	-	1.0	1.0
Charge for the period	0.7	0.6	1.3
Utilised	(0.3)	(0.7)	(1.0)
At 31 December 2020	0.4	0.9	1.3
Current	0.4	0.5	0.9
Non-current	-	0.4	0.4

Other provisions relate to a provision for an onerous IT contract and a provision for terminated leases on two locations in Canada.

27. Trade and other payables

€m	Note	2020	2019
Accruals	27.1	69.7	73.5
Other creditors	27.2	40.1	44.3
Deferred revenue	27.3	28.7	31.3
Trade payables		23.8	22.5
Security deposits		11.0	11.1
Fleet payables		5.4	27.8
Cube Transportation Europe Coöperatief	31	0.6	10.8
Total		179.3	221.3
Current		153.7	195.6
Non-current		25.6	25.7

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

Fleet payables relate to outstanding purchase orders where the Group has entered into a contract to purchase fleet.

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.

27.1 Accruals

Accruals are comprised as follows:

€m	2020	2019
Administrative and other operating expenses	18.5	20.9
M&R own fleet	19.2	18.5
Compensation and benefits	19.8	17.0
Property dilapidations	1.5	2.2
Insurance	2.8	2.1
Deferred fleet sales proceeds	0.3	0.6
Other	7.6	12.2
Total	69.7	73.5

M&R own fleet relates to services provided by 3rd parties who have not yet invoiced for services provided in maintaining the Group's trailers.

Compensation and benefits include bonus and holiday pay provisions.

27.2 Other creditors

€m	2020	2019
VAT payable	31.0	32.8
Wages tax and social security	3.0	2.4
Net payroll liability	3.2	4.4
Prepaid fleet sales	2.6	3.7
Other payables	0.3	1.0
Total	40.1	44.3

27.3 Deferred revenue

Deferred revenue is comprised as follows:

€m	2020	2019
Maintenance leasing	25.5	26.8
M&R 3rd party	0.3	0.3
Leasing and rental advance billing	2.9	4.2
Total	28.7	31.3
Current	3.1	5.6
Non-current	25.6	25.7

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

28. 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.

29. Equity

29.1 Share capital

€	2020	2019
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

29.2 Share premium

€m	2020	2019
At 1 January	432.1	225.7
Increase	-	206.4
Distribution	-	-
At 31 December	432.1	432.1

In 2019, the Group received additional equity from its shareholder in the form of a share premium amounting to €206.4m in relation to the acquisitions of PEMA and Trailer Wizards.

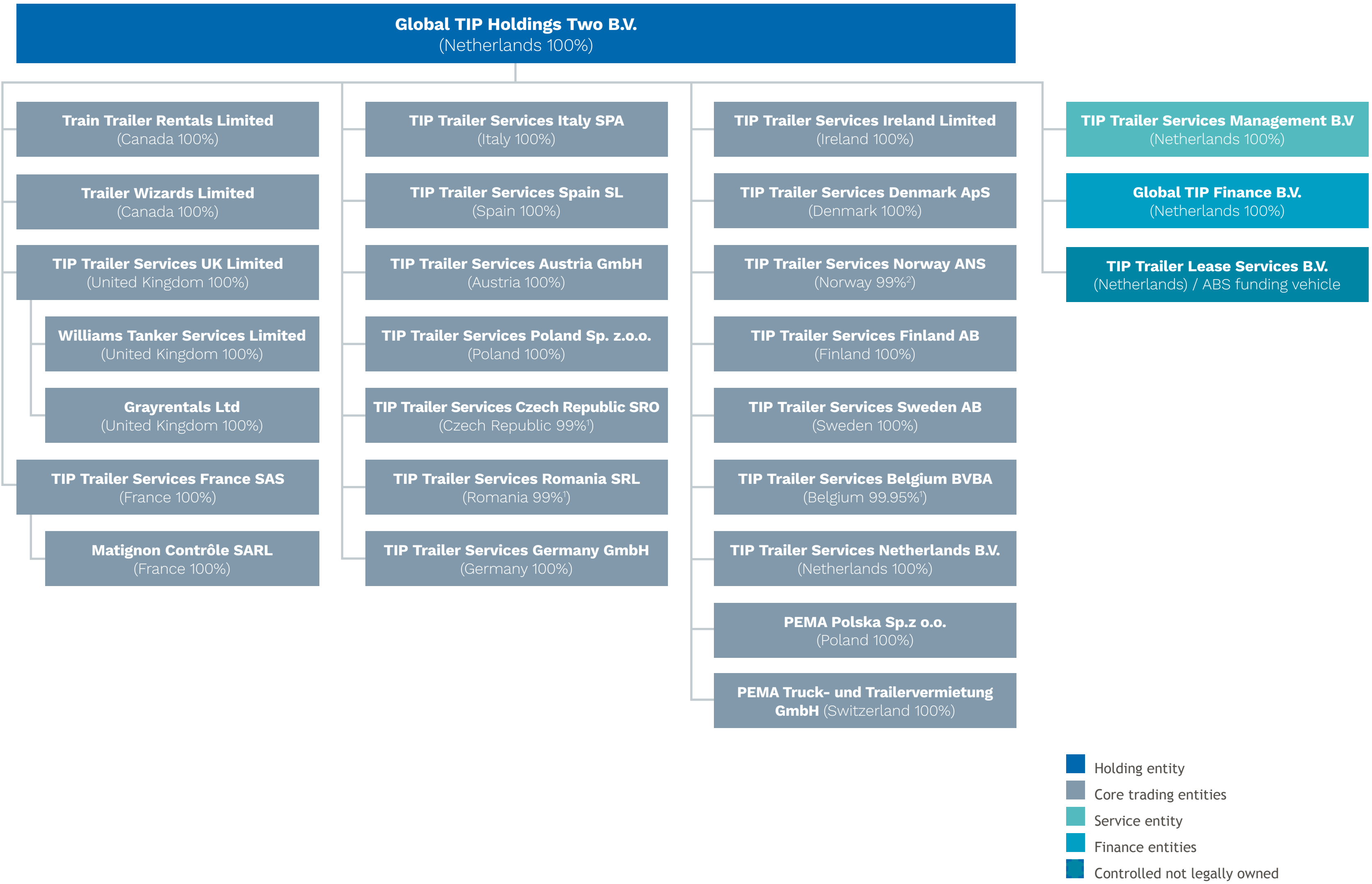
29.3 Dividends

On 5 November 2020 Global TIP Holdings Two B.V. distributed dividend of €12.4m as an appropriation of profit for the period ending 31 December 2019 to its shareholder (Cube Transportation Europe Coöperatief UA).

29.4 Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Total
At 1 January 2019		(12.3)	-	(12.3)
Movement for the period		6.2	(0.6)	5.6
Tax impact	15.2	-	0.2	0.2
At 31 December 2019		(6.1)	(0.4)	(6.5)
Movement for the period		(14.0)	(9.9)	(23.9)
Tax impact	15.2	-	2.1	2.1
At 31 December 2020		(20.1)	(8.2)	(28.3)

30. Group information



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

31. Related party disclosures

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

€m Lender/supplier	Borrower/debtor	2020	2019
Current period transactions			
Global TIP Holdings Two B.V.	Cube Transportation Europe Coöperatief	4.1	-
Other revenue		**4.1**	**-**
Cube Transportation Europe Coöperatief	The Group companies	-	(2.6)
Employee benefit expenses		**-**	**(2.6)**
Total		**4.1**	**(2.6)**
Dividends paid			
Global TIP Holdings Two B.V.	Cube Transportation Europe Coöperatief	(12.4)	-
Total		**(12.4)**	**-**
Outstanding balances			
Cube Transportation Europe Coöperatief	Global TIP Finance B.V.	(0.6)	(2.3)
Cube Transportation Europe Coöperatief	TIP Trailer Services Germany GmbH	-	(5.7)
Cube Transportation Europe Coöperatief	Trailer Wizards Ltd.	-	(2.8)
Trade and other payables		**(0.6)**	**(10.8)**
Groupe Simon	Best Of Pneu SARL	-	(0.4)
Borrowings		**-**	**(0.4)**
Total		**(0.6)**	**(11.2)**

Payables to Cube Transportation Europe Coöperatief U.A. relates to the acquisitions of PEMA and Trailer Wizards, as part of the payments were done by Cube Transportation Europe Coöperatief U.A. in 2019 and must be repaid by the Group.

b) The amounts disclosed in the table are recognised as an expense during the reporting period related to key management personnel. The Senior Leadership Team is considered to be the key management personnel of the Group.
The non-executive directors do not receive pension entitlements from the Group. No loans were advanced to directors or key management personnel.

Compensation of key management personnel of the Group:

€m	2020	2019
Salaries	4.8	4.7
Post-employment benefits	0.4	0.4
Total	**5.2**	**5.1**

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 amount of outstanding balances.

32. Commitments and contingencies

a) Assets pledged as collateral

Under the Group's various borrowing facilities referred to in note 24 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	2020	2019
Fleet	1,556.1	1,647.1
PP&E	108.6	115.0
Non-current assets	**1,664.7**	**1,762.1**
Inventories	18.8	32.8
Unbilled revenue	5.5	5.7
Trade receivables	107.3	118.1
Cash and equivalents	10.2	14.3
Current assets	**141.8**	**170.9**
Total	**1,806.5**	**1,933.0**

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

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

Asset back securitisation facility (ABS)

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

€m	2020	2019
Fleet	92.2	90.1
Non-current assets	**92.2**	**90.1**
Trade receivables	2.6	3.1
Cash and equivalents	2.8	2.2
Current assets	**5.4**	**5.3**
Total	**97.6**	**95.4**

Funding lease book (FLB)

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

€m	2020	2019
Fleet	95.3	106.4
PP&E	97.1	110.2
Non-current assets	**192.4**	**216.6**
Trade receivables	5.7	7.8
Current assets	**5.7**	**7.8**
Total	**198.1**	**224.4**

Term loan facilities (TL)

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

€m	2020	2019
Fleet	-	4.2
PP&E	0.9	-
Non-current assets	**0.9**	**4.2**
Trade receivables	-	-
Current assets	**-**	**-**
Total	**0.9**	**4.2**

b) Capital commitments

€m	2020	2019
Fleet	73.8	99.1
PP&E	4.7	2.8
Total	78.5	101.9
Number of fleet units	2,088	1,958

c) Guarantees

The Group has provided the following guarantees:

€m	2020	2019
Tax authorities	-	-
FLB	40.7	36.0
Total	40.7	36.0

All guarantees issued are in the ordinary course of business.

The expiration period of these guarantees are as follows:

€m	2020	2019
2020	-	1.8
2021	3.6	1.0
2022	1.0	1.3
2023	8.4	8.5
2024	5.3	4.9
2025+	22.4	18.5
Total	40.7	36.0

d) Legal claims

The Group had no material legal claims outstanding at 31 December 2020, nor at 31 December 2019.

33. 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	Committed revenue
2021	375.9
2022	270.1
2023	185.9
2024	120.4
2025	69.2
2026+	95.3
As of 31 December 2020	1,116.8
2020	363.1
2021	266.1
2022	185.8
2023	121.3
2024	71.1
2025+	78.6
As of 31 December 2019	1,086.0

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.

34. 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.

COVID-19

On March 11, 2020 the WHO declared the COVID-19 outbreak a world pandemic. As a result, many economic sectors are currently seeing a substantial negative impact. The Group has proven that its business model is resilient and it can remain profitable even during a global economic downturn. The effect of this pandemic on TIP business was mitigated:

- Leasing, rental and damage protection: we saw a slowdown in demand for new capex due to uncertainty and a partial shift to rental. The overall impact on revenue was mitigated by solid relationships with our customers, and a broad customer base in industries, such as food & beverages and parcels, which were less affected by the virus. The impact on damage protection was in line with the effects on our leasing and rental business
- Our utilisation showed a decrease during the initial phase of the pandemic, but recovered over the course of 2020, before reaching its pre-COVID-19 level by the end of the year
- M&R 3rd party revenue declined as customers required fewer trailers and trucks on the road, and governments permitted extended terms for regulatory inspections. This development was partially offset by customers expecting to keep units for longer due to uncertainty, and they required more maintenance on their fleets
- Financial covenants were monitor closely. The Group's cash position remained very strong, which ultimately enabled the Group to pay out a dividend of €12.4m to its shareholder in Q4 2020

The Group will maintain preventative measures as long as the COVID-19 situation requires it, and will continue to prioritise the health of our employees, customers and society first. Although we saw stronger than expected business during 2020, we expect economic pressure to continue through to mid-2022. As uncertainty decreases, we expect to see improved leasing business, in addition to benefits to our maintenance and repair business as the backlog in regulatory inspections is resolved.

34.1 Liquidity risk

Liquidity risk is the risk that financial liabilities that are settled in cash or other financial assets cannot be met 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 a risk associated with concentration of its borrowings. However, access to sources of funding is sufficiently available, and the majority of the borrowing arrangements mature 1 to 5 years after the reporting date (refer to note 24). 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:

2020 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		7.9	22.7	74.1	6.7	111.4
Borrowings repayment	24	86.8	30.6	1,073.7	301.7	1,492.8
Derivatives	25	0.4	3.3	7.4		11.1
Trade and fleet payables		28.9	0.3			29.2
Total		124.0	56.9	1,155.2	308.4	1,644.5

2019 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		8.4	23.7	115.3	16.4	163.8
Borrowings repayment	24	11.1	108.3	1,187.2	300.6	1,607.2
Derivatives	25	0.4	0.9	-	-	1.3
Trade and fleet payables		60.8	0.3	-	-	61.1
Total		80.7	133.2	1,302.5	317.0	1,833.4

34.2 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:

2020				Fair value measurement using		
				Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
€m	Note	Carrying amount	Fair value	(level 1)	(level 2)	(level 3)
Financial assets		-	-	-	-	-
Borrowings	24	1,482.7	1,482.7	-	1,482.7	-
Derivatives	25	11.1	11.1	-	11.1	-
Total borrowings and derivatives		**1,493.8**	**1,493.8**	**-**	**1,493.8**	**-**
2019						
Financial assets		-	-	-	-	-
Borrowings	24	1,592.2	1,592.2	-	1,592.2	-
Derivatives	25	1.3	1.3	-	1.3	-
Total borrowings and derivatives		**1,593.5**	**1,593.5**	**-**	**1,593.5**	**-**

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.

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 2020 and 31 December 2019, 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 recognised 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, which is assessed as consistent with prior periods.

34.3 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/Libor) 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 25. 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 the 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:

2020 €m		Change in rate	Effect on profit before taks	Effect on OCI
RCF	Interest rate swaps	-0.25%	-	1.9
		0.25%	-	(2.4)
ABS	Interest rate	-0.25%	0.2	-
		0.25%	(0.2)	-

2019 €m		Change in rate	Effect on profit before taks	Effect on OCI
RCF	Interest rate swaps	-0.25%	0.7	3.5
		0.25%	(0.7)	(3.9)
ABS	Interest rate	-0.25%	0.2	-
		0.25%	(0.2)	-

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 and DKK to naturally hedge internal loans in those currencies.

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	2020	2019
£	+5%	0.1	(0.2)
CA$	+5%	(0.1)	(0.3)

The following table shows the Group's net assets after borrowings by currency:

Net assets after borrowings by currency	2020	2019
€	32%	41%
£	18%	10%
CA$	26%	26%
DKK	8%	8%
Others	16%	15%
	100%	100%

The Group does not hedge its intergroup net assets/investments after borrowings in non-reporting currency. In 2020 40% (2019: 49%) 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 assess the residual risk of other currencies as limited.

34.4 Credit risk

Credit risk is the risk that counterparty will not meet its term loan denominated in 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.

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.

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
2020	72	67%	15	36%
2019	96	59%	13	24%

35. Events after the reporting period

On 18 February 2021, the Group refinanced its ABS committed senior facility of €100.0m until August 2021.

Company financial statements

Global TIP Holdings Two B.V.

Financial statements for the period ended 31 December 2020

(company registration no. 58146369)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Statement of profit or loss

for the period ended 31 December

€m	Note	2020	2019
Revenue	I	2.5	-
Cost of sales		-	-
Gross profit		**2.5**	**-**
Administrative and other operating expenses	II	-	(2.5)
Operating profit		**2.5**	**(2.5)**
Finance income		-	-
Finance cost	III	(7.7)	(10.4)
Profit before taxes		**(5.2)**	**(12.9)**
Taxation	IV	1.4	3.3
Net profit from subsidiaries	V	24.9	34.3
Net profit		**21.1**	**24.7**

Balance sheet
at the period ended 31 December

€m	Note	2020	2019
Financial assets	V	893.3	839.5
Deferred tax assets	VI	-	-
Non-current assets		**893.3**	**839.5**
Trade and other receivables		-	-
Current tax assets	VI	1.6	3.5
Cash and equivalents		-	-
Current assets		**1.6**	**3.5**
Total assets		**894.9**	**843.0**
Borrowings	VII	363.6	293.7
Non-current liabilities		**363.6**	**293.7**
Borrowings	VII	3.2	8.2
Trade and other payables	VIII	0.4	0.3
Current tax liabilities		-	-
Current liabilities		**3.6**	**8.5**
Total liabilities		**367.2**	**302.2**
Net assets		**527.7**	**540.8**

€m		2020	2019
Share capital	IX	-	-
Share premium	IX	432.1	432.1
Retained earnings	IX	113.6	108.0
Other reserves	IX	(18.0)	0.7
Equity		**527.7**	**540.8**

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 2019		**-**	**225.7**	**82.0**	**(3.8)**	**303.9**
Net profit		-	-	24.7	-	24.7
Movement for the period		-	-	-	5.8	5.8
Total comprehensive income		**-**		**24.7**	**5.8**	**30.5**
Reclass	IX	-	-	1.3	(1.3)	-
Increase		-	206.4	-	-	206.4
At 31 December 2019		**-**	**432.1**	**108.0**	**0.7**	**540.8**
Net profit		-	-	21.1	-	24.7
Movement for the period		-	-	-	(21.8)	5.8
Dividend		-	-	(12.4)	-	(12.4)
Total comprehensive income		**-**	**-**	**8.7**	**(21.8)**	**(13.1)**
Reclass	IX	-	-	(3.1)	3.1	-
Increase		-	-	-	-	-
At 31 December 2020		**-**	**432.1**	**113.6**	**(18.0)**	**527.7**

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. Revenue

€m	2020	2019
Other	2.5	-
Total	2.5	-

II. Administrative and other operating expenses

€m	2020	2019
Audit and accounting advisor fees	-	0.4
Other expenses	-	2.1
Total	-	2.5

Audit and accounting advisor fees

These fees are disclosed in the consolidated financial statements (refer to note 13).

III. Finance cost

€m	2020	2019
Interest	8.1	10.4
Foreign exchange movement	(0.4)	-
Total	7.7	10.4

IV. Taxation

€m	2020	2019
Current taxation for the period	1.4	3.5
Deferred taxation for the period	-	(0.2)
Adjustment to prior periods	-	
Deferred tax assets	-	(0.2)
Taxation	1.4	3.3

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 2020 is €1.5m (2019: €3.5m). 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.

V. Financial assets

€m	2020	2019
Investments in subsidiaries		
At 1 January	839.5	580.7
Capital increase in subsidiaries	67.2	20.9
Acquisitions	-	197.8
Cash flow hedge (net of taxation)	(7.8)	(0.4)
Foreign exchange movements	(14.0)	6.2
Net profit from subsidiaries	24.9	34.3
Dividend contribution	(16.5)	-
At 31 December	893.3	839.5
Total	893.3	839.5

VI. Current and deferred tax

Deferred tax assets movements are as follow:

€m	2020	2019
At 1 January	-	0.3
Deferred taxes charged to the profit or loss	-	(0.3)
At 31 December	-	-

Current tax assets represent tax receivable as part of the Dutch tax group.

Current tax assets movements are as follow:

€m	2020	2019
At 1 January	3.5	-
Current tax charge for the period	1.4	3.5
Settlement of tax losses with tax group	(3.3)	-
At 31 December	1.6	3.5

VII. Borrowings

The Company has the following borrowings with Global TIP Finance B.V., Amsterdam, the Netherlands.

€m	2020	2019
Borrowing 1	363.6	293.7
Borrowing 2	3.2	-
Borrowing 3	-	8.2
Total	366.8	301.9
Current	3.2	-
Non-current	363.6	301.9

Borrowings 1: Maturity until 31 December 2023. The interest rate is set out as Euribor +1.91% (excluding administration expenses), and the interest period is three months.

Borrowings 2: Maturity 90 days. The interest rate is set out as Euribor +0.7% (excluding administration expenses) and the interest period is 1 month.

VIII. Trade and other payables

€m	2020	2019
Payroll, payroll tax and social security	-	-
Other	0.4	0.3
Total	0.4	0.3
Current	0.4	0.3
Non-current	-	-

IX. Equity

a) Issued capital

€	2020	2019
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) Share premium

€m	2020	2019
At 1 January	**432.1**	**225.7**
Increase	-	206.4
Distribution	-	-
At 31 December	**432.1**	**432.1**

In 2019, the Company received additional equity from its shareholder in the form of a share premium amounting to €206.4m in relation to the acquisitions of PEMA and Trailer Wizards.

c) Retained earnings

€m	2020	2019
At 1 January	**108.0**	**82.0**
Net profit for the period	21.1	24.7
Dividend	(12.4)	-
Reclass	(3.1)	1.3
At 31 December	**113.6**	**108.0**

On 5 November 2020 the Company distributed dividend of €12.4m as an appropriation of profit for the period ending 31 December 2019 to its shareholder (Cube Transportation Europe Coöperatief UA).

d) Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Internal software reserve	Total
At 1 January 2019		**(12.3)**	**-**	**8.5**	**(3.8)**
Movement for the period		6.2	(0.6)	-	5.6
Taxation	15.2	-	0.2	-	0.2
Reclass from/(to) retained earnings		-	-	(1.3)	(1.3)
At 31 December 2019		**(6.1)**	**(0.4)**	**7.2**	**0.7**
Movement for the period		(14.0)	(9.9)	-	(23.9)
Taxation	15.2	-	2.1	-	2.1
Reclass from/(to) retained earnings		-	-	3.1	3.1
At 31 December 2020		**(20.1)**	**(8.2)**	**10.3**	**(18.0)**

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 half of the 2020 net profit, amounting to €10.5m, will be distributed to the shareholder. It is proposed that the remaining half will be added to the retained earnings as part of shareholders' equity. The proposed profit appropriation has not been recognised in the balance sheet as of December 31, 2020.

X. Other

Compensation of key management personnel of the Company

The Company had no employees during 2020 and paid neither salaries nor directors' emoluments.

Financial risk management

Management's approach is covered in the consolidated financial statements (refer to note 34).

Events after the reporting period

In addition to the events covered in the consolidated financial statements (refer to note 35), the following events happened after the reporting date:

The Company performed the following reorganisations:

- On 1 January 2021 amalgamated Train Trailer Rentals Limited and Trailer Wizards Ltd., resulting in the creation of TIP Fleet Services Canada Ltd.,
- On 11 January 2021, PEMA POLSKA Sp.z o.o. merged into TIP Trailer Services Poland Sp.z o.o.

Board of directors of Global TIP Holdings Two B.V.

Amsterdam, 22 March 2021

Represented by

Bob Fast
Director

Arjen Kraaij
Director

Hans van Lierop
Director

Hiske Damhuis
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 in 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 shareholders and the board of management
of Global TIP Holdings Two B.V.

Report on the audit of the financial statements 2020

included in the annual report

Our opinion

We have audited the financial statements 2020 of Global TIP Holdings Two B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Global TIP Holdings Two B.V. as at 31 December 2020, and of its result and its cash flows for 2020 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 financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2020
- The following statements for 2020: the consolidated and company statement of profit and loss, and changes in equity, the consolidated statements of comprehensive income and cash flows
- The notes comprising a summary of the significant 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. 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.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

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

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.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

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, management is responsible for such internal control as 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. 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. During our audit we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures. This challenges certain observations may cause certain signals to be overlooked. In planning our procedures responsive to these risks, we planned and performed additional procedures accordingly.

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. 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 management
- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. 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. 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
- 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.

We communicate with 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, 22 March 2021

Ernst & Young Accountants LLP

signed by R. Koekkoek

EY

Additional information

In this section


www.tipeurope.com
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LAG

Corporate information

Registered office:

Alpha Tower
De Entree 33
1101 BH Amsterdam Zuidoost
The Netherlands
Registration number: 58146369

Advisors and contacts:

Auditor:
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Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Main legal advisor:
Amstelveenseweg 638
1081 JJ Amsterdam
The Netherlands

Website:
www.tipeurope.com

European Transport Board website:
www.europeantransportboard.com

Further information on TIP can be found on the following social media platforms:

Company secretary:
Jan Ihlau
(† 25 December 2020)
Chief Legal Officer
legal@tipeurope.com

Investor relations:
Kapil Sharma
Treasury and Investor
Relations Director
kapil.sharma@tipeurope.com

Markus Pretzl
Investor Relations Associate
markus.pretzl@tipeurope.com

Main banking partners

Rabobank
ABN·AMRO
ING
Deutsche Bank
COMMERZBANK
HSBC
BANK OF CHINA
UniCredit
NIBC
KBC
China Construction Bank
Garanti BBVA International

Main term loan financing partners

BARINGS
NN investment partners
RIVAGE INVESTMENT
NEUBERGER BERMAN
a.s.r. de nederlandse verzekerings maatschappij voor alle verzekeringen

Key banking and financing partners

BARCLAYS
CIC
dLL financial solutions partner
JYSKE BANK
LOMBARD
SIEMENS

Other banking and financing partners

abcfinance
Aldermore
CAPITOLE FINANCE - TOFINSO
paragon
Santander
TARGO BANK
trademark FINANCE
Yorkshire Bank

THE GLOBAL COMPACT

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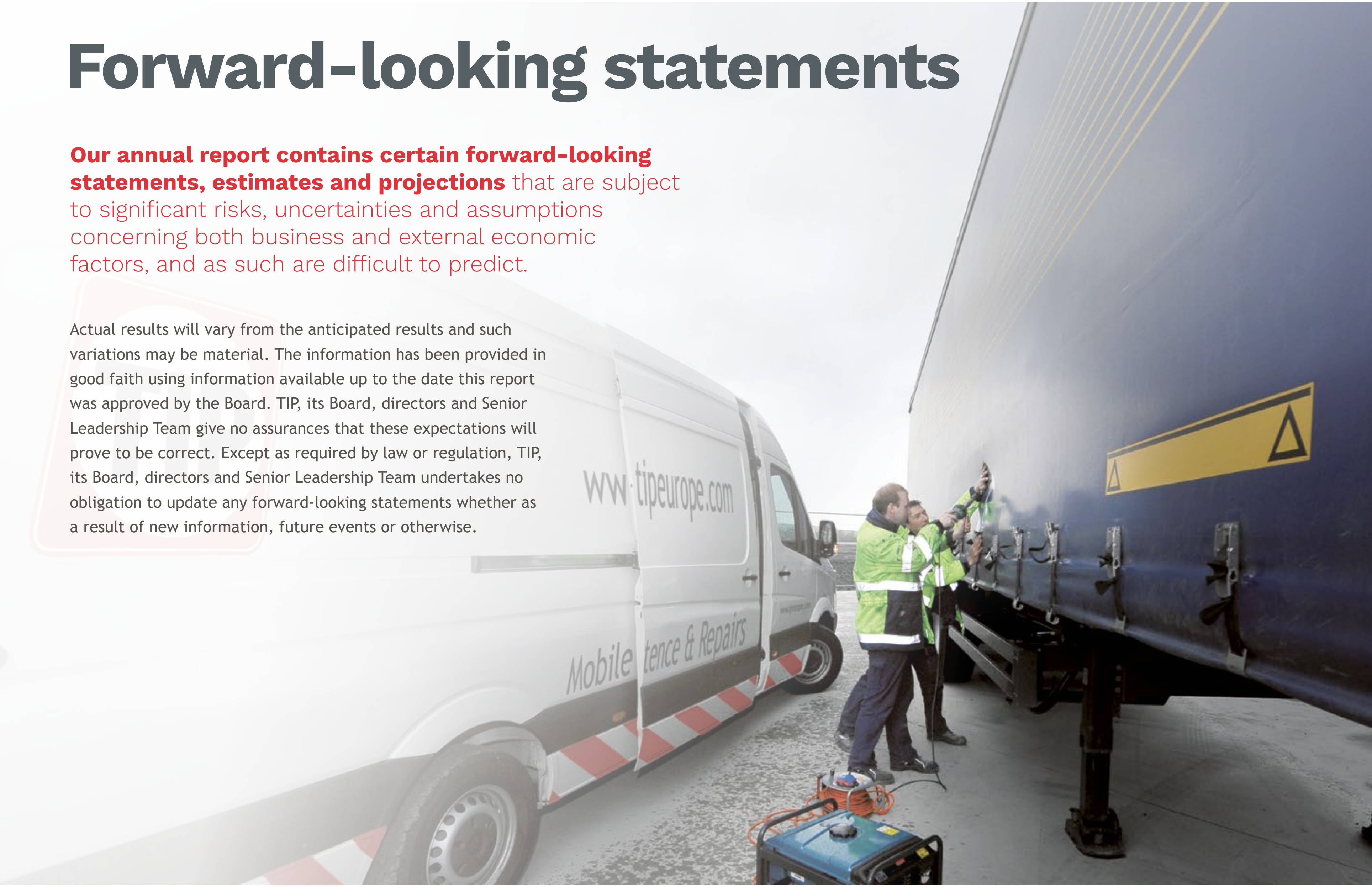
Forward-looking statements

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 such variations may be material. The information has been provided in good faith using information available up to the date this report was approved by the Board. TIP, its Board, directors and Senior Leadership Team give no assurances that these expectations will prove to be correct. Except as required by law or regulation, TIP, its Board, directors and Senior Leadership Team undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.



Fourteen-year financial summary

€m	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016[1]	2017	2018	2019	2020
Profit or loss														
Revenue	503	502	401	398	375	351	323	326	372	441	517	565	626	914
Contribution	305	320	238	222	219	194	159	160	175	216	268	294	327	500
Operating expenses	(85)	(80)	(66)	(57)	(55)	(53)	(48)	(61)	(65)	(72)	(76)	(75)	(84)	(107)
EBITDA	220	240	172	165	164	141	111	99	110	144	192	219	243	393
Operating profit/(loss)	29	36	(24)	1	22	20	16	57	40	41	53	60	53	87
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
Net borrowings	-	-	-	-	-	-	232	258	449	667	742	883	1,591	1,480
Equity	-	-	-	-	-	-	208	519	544	552	573	304	541	528
Cash flow														
Fleet investment	396	285	38	21	14	19	37	137	195	276	237	272	251	265
Acquisitions	-	-	-	-	-	-	-	17	44	149	9	67	865	-
Other investment	5	5	7	9	5	6	6	28	38	29	18	24	31	30
Fleet sales	(77)	(57)	(47)	(61)	(43)	(35)	(28)	(27)	(28)	(36)	(45)	(35)	(40)	(85)
Net investment	324	233	(2)	(31)	(24)	(10)	15	155	249	418	219	328	1,107	210
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
UTE	91%	87%	74%	82%	91%	86%	84%	82%	84%	86%	89%	91%	91%	87%
Opex % of revenue	17%	16%	16%	14%	15%	15%	15%	19%	18%	16%	15%	13%	13%	12%
Profitability %														
Contribution	61%	64%	59%	56%	59%	55%	49%	49%	47%	49%	52%	52%	52%	55%
EBITDA	44%	48%	43%	41%	44%	40%	34%	30%	30%	33%	37%	39%	39%	43%
Operating profit	6%	7%	(6%)	-	6%	6%	5%	18%	11%	9%	10%	11%	8%	10%
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%
Capital efficiency	16%	18%	14%	17%	21%	23%	24%	24%	20%	19%	21%	21%	16%[3]	20%
Financing														
Net leverage ratio	-	-	-	-	-	-	64%	56%	69%	75%	76%	79%	81%	79%
Gearing ratio	-	-	-	-	-	-	53%	33%	45%	55%	56%	74%	75%	74%
Net borrowings/EBITDA	-	-	-	-	-	-	2.1x	2.6x	4.1x	4.6x	3.9x	4.0x	6.5x[4]	3.8x

[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.

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	Definition
Van		General transport of goods requiring high security and for parcels	Van, bulker
Curtainsider		General transport goods not requiring high security	Curtainsider, flat, tilt, other trailer
Reefer		Temperature-controlled goods - food, electronics and flowers	Reefer and temperature-controlled trailer
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

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 $18bn 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 do maintenance and repair when equipment breaks down on the road, or require scheduled and un-scheduled 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 and other financial assets

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 fourteen-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

Other terms and abbreviations

ABS	Asset-backed securitisation
ADR	Average daily rate
AMLAT	Anti money laundering anti-terrorism
COVID-19	Coronavirus disease 2019
EAuM	Equivalent asset under management
EBS/ABS	Electronic braking system/anti-lock braking system
EHS	Environmental health and safety
EMT	Executive Management Team
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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TIP provides a wide variety of products and services for transportation and logistics customers through its 129 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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