Annual Report 2021

Planet, People, Productivity

TIP

About this report

Materiality

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

The material focus areas 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 TIP Insight and an Innovations section to elaborate on our product offering and innovation initiatives

Expanded the sustainability section by adding an Environmental, Social & Governance framework to reflect our commitment to the United Nations Sustainable Development Goals (SDGs)

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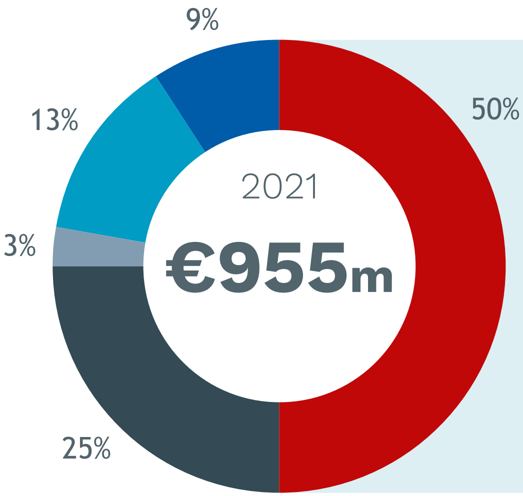
At a glance

Numbers versus 2020



Revenue

EBITDA

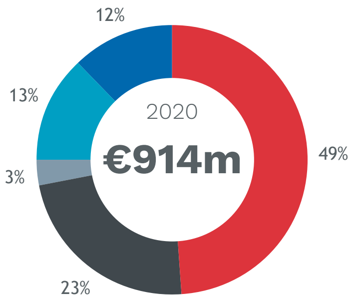
€430m

€393m

ADR

€19.7

€19.2



Leasing
Rental
Damage protection
M&R 3rd party
Fleet sales, digital and other

Employees
At year end

2,808

2,778

Workshops

114

110

~3,500,000
Work orders handled

~1,450,000
Internal workshop events

Net operating assets

€1,892m

€1,872m

Fleet investment

€301m

€265m

Gearing ratio

75%

74%

Branches

102

102

UTE

93%

87%

MSUs

269

268

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 serve our customers from 132 locations across 18 countries in Europe and Canada.

With approximately 110,000 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 58,000 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.

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

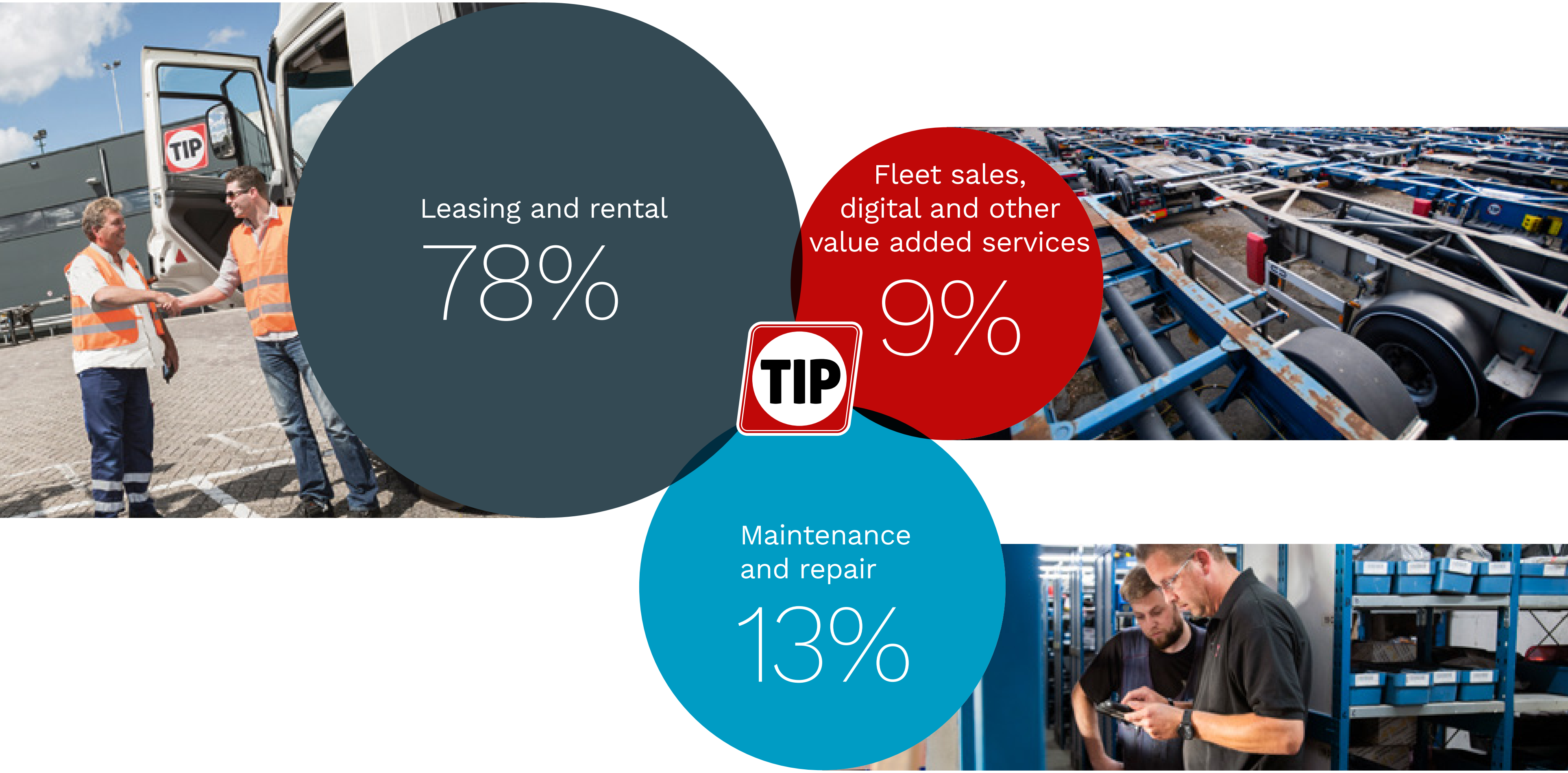
With more than 50 years of experience, we are experts in providing all the services that customers require during the life cycle of transportation equipment, making us a one-stop-shop for all our customers' equipment needs.

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.

Information from
www.tipeurope.com


TIP

Our services



Leasing and rental

Our fleet has approximately 110,000 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 which are sourced from the existing fleet, are for an initial term of up to 12 months 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.

Fleet sales, digital and other value-added services

Together with TIP Insight we offer a range of telematics-based digital and connected services that is taking trailer telematics to the next level. This is enabling us to create a more transparent, more efficient and safer transportation ecosystem.

Find out more at
www.tip-sales.com

We offer a comprehensive range of high-quality second-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.

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 consists of Europe and Canada's fast-growing workshop network and on-site service through 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 the 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 MSUs, 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, 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 repair 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


TIP
TIP
TIP

A closer look at our TIP INSIGHT offering

TIP Insight is our range of telematics and connected services that takes trucks and trailers to the next level. TIP Insight involves fitting a device to a trailer, with optional sensors and a user-friendly platform to provide information for the user. TIP Insight contribute to better fleet management and increased operating efficiency for our leasing and rental fleet and our 3rd party customers.

In 2021, 10,000 of our units connected to our TIP Insight services. Our commitment is to connect all of TIP's owned equipment by 2025, meaning we will be better able to share information with our customers, enhancing eco-network and adding value to their operations and improve the customer experience.

Functionalities:

Customers can choose from a wide range of functionalities

- Simple 'track and trace' functionality to track trailer movements
- Monitor brake performance & tyre pressures
- Monitor refrigeration unit temperatures & door 'open / close' status
- Simple-to-use, intuitive platform with alerts, KPI's & customisable reporting
- Connect to or ingest other fleet management / telematics systems for whole-fleet view

The advantages of our TIP Insight service:

- Unified service platform
- Frictionless data provision
- Predictive maintenance
- Customer support
- Fleet sustainability and reduction of carbon footprint

TIP's full-service, unique offering benefits:

- **Hassle-free** - Modems and sensors are installed by certified technicians in all our workshops or via our mobile service units
- **Same-day activation** - Automated service activation on all TIP leases and rentals
- **Real-time visibility** - Data interval every 5 minutes
- **Zero accident bundle** - Technical data from the Electronic Brake System (EBS) and Control Area Network (CAN) as standard
- **Service-life warranty** - Part and labour warranty for the entire contract term

"Mammoet Ferry Transport is specialised in serving tailor-made solutions. We have chosen TIP as our partner to offer high level of flexibility for more than 25 years. Now that real-time tracking telematics solutions are becoming a requirement from our customers, we have naturally chosen TIP Insight as our telematics solution of choice."

Matthijs 'T Mannetje
Fleet & Claims Manager
at Mammoet Ferry Transport

- **Support in local languages** - Across our 17 European countries and 24/7 via our online ticketing system
- **Zero-upfront all-inclusive rate** - No initial investment for hardware, upfront installation charge or surprise fees
- **Data is just the beginning** - Advanced analytics, data visualisation, KPI and Service level agreement (SLA) to meet every customer's unique requirements

What is included in our digital solutions?

- **Fleet Connected:** Web-based platform that oversees and displays real-time information from trailers
- **FleetBeat:** Robust telematics hardware device that is fitted to a trailer and that supplies real-time location and rich electronic braking system information
- **FleetBeat Cooler:** modular telematics for reefer semi-trailers with connectivity to the transport refrigeration unit and sensors
- **TyrePlus:** Tyre pressure monitoring system
- **BrakePlus:** Electronics brake performance system
- **DoorPlus:** Door sensoring and locking system
- **FuelPlus:** Fuel efficiency and optimisation
- **DataBridge:** Standardised and secure data API application programming interface
- **TIP Vehicle Inspection:** Customer inspection app for FleetRadar

Where we operate

UK and Ireland

2021 - Branches: 18 (17) / Workshops: 21 (21) / Combined EAuM: 34k (32k)

Benelux

The Netherlands and Belgium

2021 - Branches: 5 (6) / Workshops: 13 (15) / Combined EAuM: 19k (19k)

Mediterranean

France, Italy and Spain

2021 - Branches: 22 (21) / Workshops: 24 (23) / Combined EAuM: 23k (23k)

Central Europe

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

2021 - Branches: 31 (31) / Workshops: 26 (23) / Combined EAuM: 36k (34k)

Nordics

Denmark, Norway, Sweden and Finland

2021 - Branches: 13 (14) / Workshops: 17 (15) / Combined EAuM: 22k (22k)

Canada

2021 - Branches: 13 (13) / Workshops: 13 (13) / Combined EAuM: 32k (33k)

( ) Represents the 2020 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

TIP A GE Capital Company

2003 – 2008

Bob Fast appointed CEO

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

2009 – 2012

Downsized 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

TIP

2015 – 2018

Acquisition of THT Twan Heetkamp Trailers / Train Trailer

Acquired by I Squared Capital

Acquisition of Grayrentals

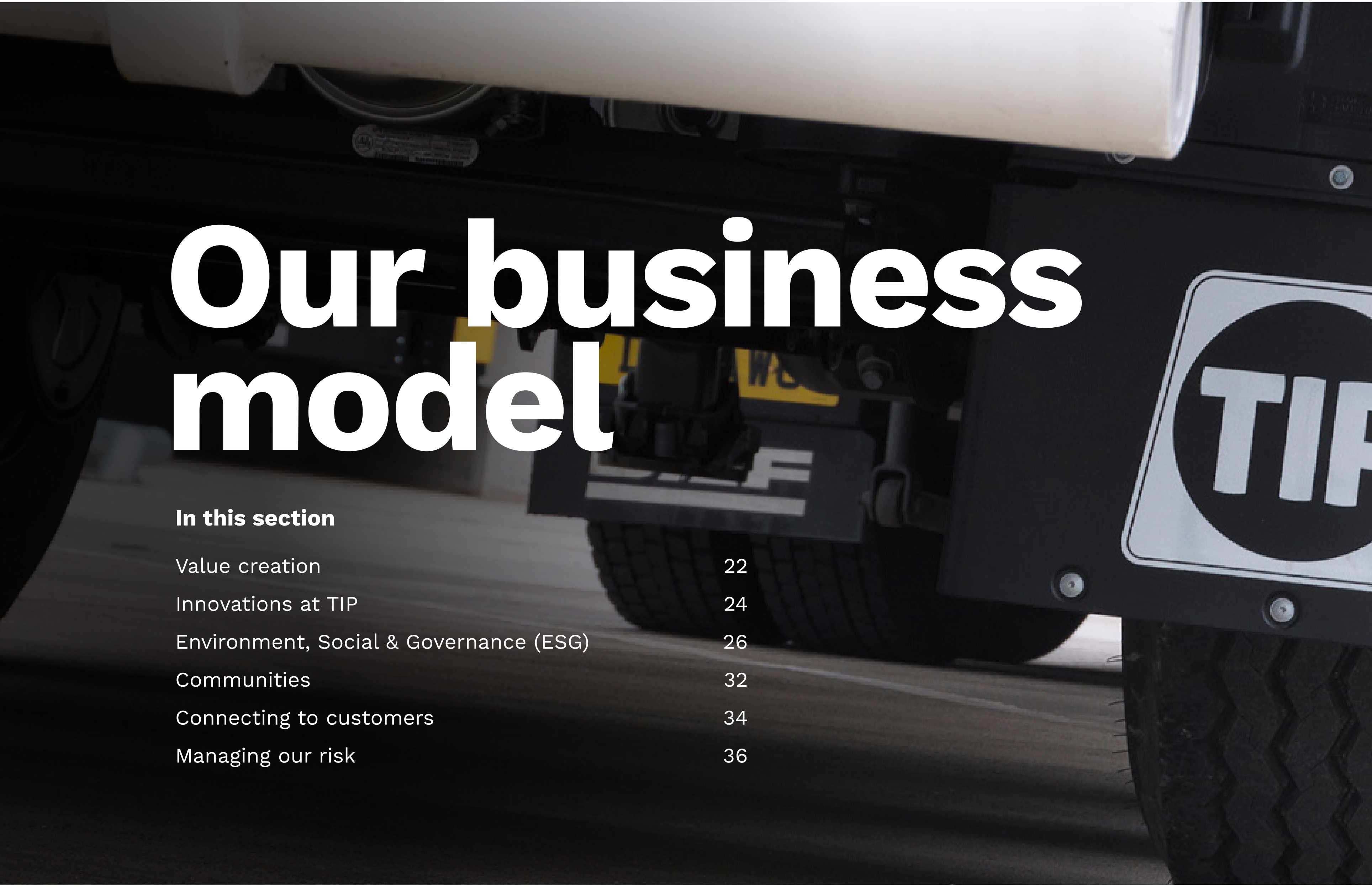
2019 – 2021

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.



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

Digital
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)

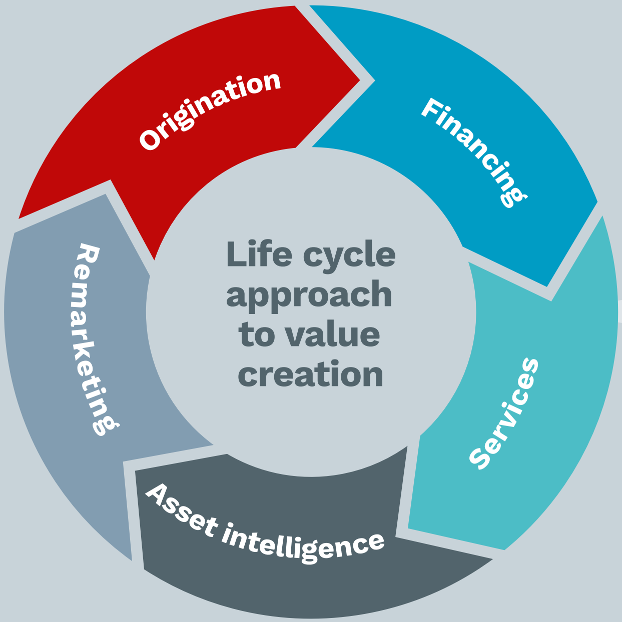
Four pillars provide the foundation of our asset life cycle business model: Our **people** enable us to offer a broad range of **assets** according to the needs of our customers at the highest **service** standards, supported by our extensive network and **digital** services TIP INSIGHT.

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

- Range of options
- Leasing
- Rental

- Dedicated team with over 100 years of collective experience
- ~50k units sold since 2015

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



- 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 €955m

Employees

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

Employee benefits €158m

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 shareholder and lenders, and ensure that we allocate capital efficiently at rates that provide appropriate returns for our shareholder and lenders

EBITDA €430m

Interest paid €43m

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 ~€331m[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

[1] Excluding Capex and taxes.

Innovations at TIP

Innovations are crucial to drive changes in our industry, better serve our customers and discover new opportunities. Being innovative can also help foster competitive advantage as it allows us to build better products and services for our customers.

As TIP, we seek to co-create innovations together with our customers to help them find solutions to their challenges. We see it as our duty to enable our customers to achieve their sustainability, efficiency and safety targets more quickly.

In 2021, we have created an Innovation committee, which consists of employees from different departments. This committee streamlines all innovation ideas and new product introduction (NPI) projects, ensuring we focus on the most relevant ones and that the right resources are planned accordingly.

We partner with suppliers, customers and new innovative companies on a continuous basis to explore, pilot and launch new asset types, solutions and services that make a change in the industry.

A highlight in 2021 was the e-cooler pilot unit: a zero-emission battery-electric reefer engine, developed in partnership with Unilever, Maxwell & Spark and DLG. This is just one of the innovations that will help to replace diesel refrigeration systems in semi-trailers prototypes. The unit keeps freight chilled at temperatures down to -25°C and will be tested to run entirely on renewable electricity. If successful, this could save 20-25 tons of carbon dioxide (CO_2) per reefer trailer annually. In 2022, we will launch additional pilot units on in the Netherlands.

Further CO_2-neutral innovations are under development. One of these is the Eager, which is being developed in partnership with Thermo King and BPW. This uses an energy axle to power the reefer engine. The vehicle's battery pack is the only source of energy and is recharged by two generators integrated into the energy axle or by wall charging.


ICE COLD
without the CO2
100% ELECTRIC
We deliver
DLG

Environment, Social & Governance (ESG)

Sustainability vision

At TIP, we truly believe that there is an unwritten generational contract in place, every generation is taking over the world as the previous generation has left it and every generation is metaphorically planting seeds in a garden it might never get to see. This is the reason why the vision statement for our ESG Strategy is 'for Generations to Come – paving the road to sustainability'.

We must ask ourselves, what is the role we want to play during these transformational times. By including sustainability objectives in our overall strategy and outlining our sustainability ambitions through our ESG Strategy we have given a strong response to this question.

ESG Strategy "for Generations to Come"

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

Management

The Management programme aims to operate an effective ESG function at TIP.

The corner stone of this programme is the execution of our ESG Strategy, which was based on an extensive materiality assessment that we undertook together with multiple stakeholders of TIP.

A double materiality sustainability risk assessment helps us to evaluate change in the environment from two angles. On the one hand, we have to understand how risks such as climate change have an impact on what we do. On the other hand, we need to be aware of how we are contributing to those respective risks through our own operations. We have therefore incorporated sustainability-related risks into our corporate risk matrix. Governance has always been an essential function and we want to live up to this standard when it comes to sustainability. New policies and procedures on sustainability enshrine our sustainability ambition into our day-by-day actions.

Sustainable Products

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

We are moving from conventional fuel vehicles to smartly connected trailers, electric and alternative fuel vehicles.

Furthermore, TIP Insight will not only allow fleets to be managed more efficiently, but also offer tangible cost saving solutions.

For example, vehicles consuming less fuel by ensuring optimum tire pressure with our Tire Pressure Monitoring System (TPMS).

Carbon Footprint

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

We are modernising our workshops, branches and offices to become more energy efficient and to emit less carbon while increasingly operating on renewable energy sources. Furthermore, we are assessing energy efficiency measures that can be put in place in a structured way, and we are working together with energy providers and consultants to achieve carbon neutrality.

We see a growing demand from our customers for sustainable and smart solutions, especially in the area of last mile delivery. Electric light commercial vehicles (eLCVs) offer mature technical solutions, creating a market opportunity for TIP.

Circular Economy

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

As part of this programme we are not only working together with waste management companies to optimise our waste streams across our network but also launching refurbishment campaigns at the end of the lifecycle of our equipment.

Corporate Social Responsibility(CSR)

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

As an industry leader, we have high internal and external expectations, and we strive to live up to our responsibilities as a large organisation with a significant footprint. We aim to maintain our gender balance in pay. This is an area in which we believe we can make a significant contribution in terms of gender balance given that we operate in an historically male-dominated industry.

We are not operating in a vacuum. We are firmly embedded in the communities that surround us and we want to contribute to helping them thrive. You can read more about our work in this area in the Communities section of this report.

Progress goes hand in hand with educating our employees about sustainability issues and the impact we can make together by implementing our CSR strategy.

We are giving older assets a second life rather than scrapping or selling them. This reduces the amount of CO_2 emission in comparison with purchasing new assets. The production of virgin steel releases a large amount of CO_2. By reusing and refurbishing existing assets we are helping reduce the production of CO_2.

Reporting

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

Data is without a doubt the biggest challenge when it comes to turning our sustainability ambition into a success story. We have implemented an ESG reporting tool worldfavor that enables us to collect tangible data, analyse it and then report on it to our stakeholders in a lean and system driven process.

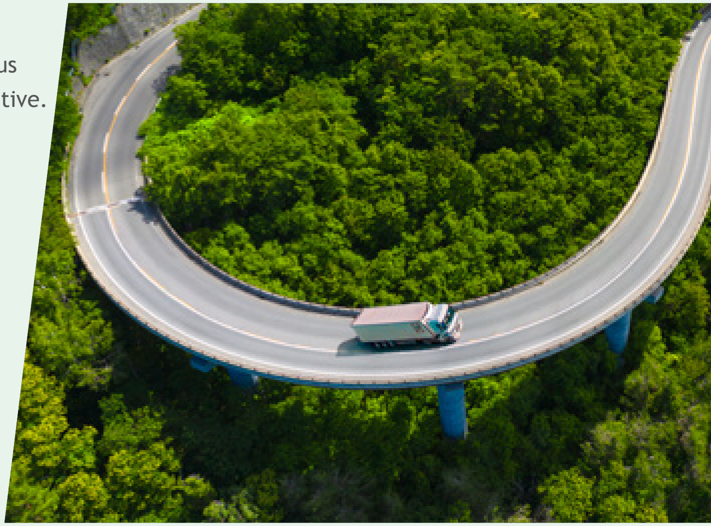
We are putting considerable emphasis onto this programme as we understand the extent to which upcoming regulations and directives such as the EU Taxonomy and Corporate Sustainability Reporting Directive (CSRD) will reshape our economy, and we want to fully prepared to meet these new reporting requirements.

Green Financing

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

We are working together with our financing partners to make our financing structure more sustainable. In 2022, we aim to link sustainability KPIs in our Revolving Credit Facility (RCF) and turn it into a Sustainability Linked Loan.

In Addition, we are examining subsidized investment financing and government subsidies for our green investments to ensure that our transformation is not only not only advantageous from an ecological, but also a financial perspective.



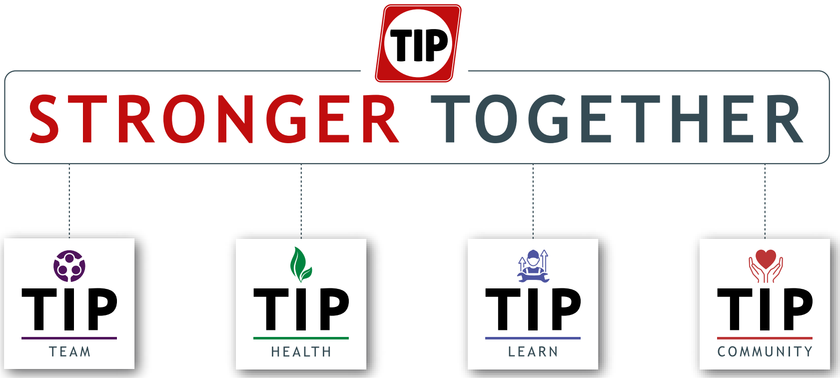
Communities

Stronger Together

Our programme “Stronger Together” encompasses various programmes to encourage our culture of learning (TIP Learn), team-spirit (TIP Team) social responsibility (TIP Community) and enhance our health and wellbeing (TIP Health).

The goals of our Stronger Together programme are:

- Integration and engagement across all TIP functions and regions to grow stronger together;
- People and leadership development to make our organisation strong for now and the future
- Safety, health and wellbeing of all TIP employees to strengthen loyalty and retention
- Contribute to society by giving back and equal opportunities to all



Global annual charitable program

We developed our annual global **“Food Drive program”**, to give back to the community.

This initiative was inspired by the generosity of our employees. Everyone from employees to customers and vendors are asked to support communities in need by voluntarily donating to local food banks, with TIP taking care of distributing the goods during Christmas holiday season.

Local charitable initiatives and programmes

TIP Amsterdam Headquarters:

In September 2021, as part of our ESG Strategy, an enthusiastic group of TIP volunteers went plastic fishing to help clean up the canals in Amsterdam.

While plastic that has not been disposed of properly can be a real nuisance, it can become value-added resource when recycled. The teams collected all manner of debris found in the water that was later used by Plastic Whale, a leading organisation that recycles the collected plastic and uses it to make new things such as boats.

UK and Ireland

Also in September, a team of TIP UK and Ireland staff members, loyal customers and supportive industry partners, embarked on a 3-day, 300km cycle ride across Majorca to raise funds for the Alzheimer's Society and the Donna Louise children's hospice. The team of mixed experience and abilities successfully completed the challenge raising more than €80,000 in the process. Since 2012, the 'TIP Fat Bottomed Boys & Girls' team has raised more than €400,000 for charity from seven events.

Connecting to customers

Being involved in a trade show provides the opportunity to showcase new innovations. We actively engage with other representatives in our industry, key suppliers and customers to gain knowledge about our market and industry.

Transport logistic and other exhibitions

TransLogistica 2021 – Warsaw, Poland

In November 2021, TIP attended at the International Transport and Logistics Exhibition, or TransLogistica, in Poland. This trade fair is the biggest business event in Central and Eastern Europe bringing together industry experts in Warsaw for 3 days. This year, the exhibition had over 200 different exhibitors and nearly 6,000 visitors. This not only gave us the opportunity to meet new customers, but also manufacturers and other logistics companies.

The TIP Poland team presented at the fair, with rental and workshop experts on hand, to explain the wide range of TIP products and services, including M&R, that can be tailor-made for specific customer needs.

“This fair was the first for the new joint Polish sales team after the merger of TIP and PEMA! We have received many new opportunities to further expand and grow. The fair was busy during all 3 days. Also, our new colleagues from the ex-PEMA workshops joined the booth and together we identified M&R and rental opportunities. The TransLogistica in Poland is a unique chance to learn about the latest innovations in the industry, to establish contacts with carriers, logistics companies and talk to manufacturers. The fair offered us an excellent opportunity to establish new business relationships.”

Tomasz Milecki
Country Sales Manager, TIP Poland

Solutrans 2021- Lyon, France

TIP was present at the Solutrans fair in mid-November 2021.

The biennial trade fair for haulage and urban transport professionals SOLUTRANS is where innovation and information in the HGV sector come together, for all types of businesses.

Around 60,000 professionals, together with 1,000 exhibitors and brands that span the entire spectrum of the commercial vehicle industry attended this trade fair. Discussions with customers and interested parties could be held directly on site.

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 allows us to approach various risks in a controlled manner. Over the past 50 years, we have built up our operations and have strengthened our platform through a rigorous approach to processes, systems and risk management.

We condemn the actions taken by the Russian government against the people of Ukraine. In our assessment, risks arising from the conflict do not have a material impact on our business as we do not have an operational footprint in Russia or Ukraine.

We have aligned the primary areas of risk 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, ESG, compliance, other regulatory compliance and risk management
- The Executive Management Team (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

Likelihood of occurrence	Low	Medium	High
High			A B
Medium	F L J	I G H	
Low		C D E K	

Vulnerability to risk

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 Operational level	Risk Assurance and Internal Audit

	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 • High Inflation • Global COVID19 pandemic • Geo-political instability and its further impact on supply chains • Low borrowing costs affecting customers' lease or buy decisions • International trade tariffs/restrictions	M/H/H Trend ↑	• Continuous monitoring of market trends • Customer base deconcentration • Diversification of products and services • Geographic coverage • Flexible debt facilities	H
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 • Geopolitical instability • Inability to meet (new) customer needs • Inappropriate strategies • Poor investment decisions • Inability to implement new solutions	M/M/H Trend ↑	• Continuous innovation efforts • Digital partnerships • Integrated solutions (TIP INSIGHT) • Regular strategic reviews • Pre- and post- investment assessments	H
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 the 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 COVID19 • Customer's fraud or money-laundering	M/M/M Trend →	• Strong Credit Management team and processes in place • Multiple resources to evaluate customers • Deconcentrated customer base • Low historical credit losses • A substantial proportion of customers make payments via direct debit • KYC and AMLAT processes	L
G Company digitisation	The risk that existing 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/H/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	The risk of not being able to attract or retain the right people to deliver 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	L
K Laws and corporate governance	We are subject to numerous international and local regulations. Our governance could be ineffective due to the increasing size and complexity of the business	• Non-compliance with applicable laws and regulations leading to reputational damage, claims and litigation, sanctions or penalties (i.e. EHS, ESG, GDPR, regulatory, statutory, tax or 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	Risks associated with maintaining, repairing and operating heavy transportation equipment	• Lack of adequate (personal) safety of employees and visitors • Employee and customer accidents that could result in injuries, claims against TIP and damage to TIP's reputation	L/M/M Trend →	• Appropriate and rigorous health and safety policies and procedures • Safety equipment and clothing • Health and safety 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

CEO review

"Despite economic uncertainty, we had an excellent year, achieving an all-time high Units on Rent of 105k units by capitalising on strong market demand. Revenue grew by 4% to €955m, EBITDA margin was 45% compared with 43% in 2020, and our business achieved a solid operating profit performance.

This year we focused on our sustainability vision, green innovations, and laid the stepping stones for our ESG platform to contribute to sustainable development going forward.

Finally, during 2021 we successfully refinanced our major funding facilities with our existing financing partners, reflecting trust in our business underpinned by our growth, and further improved our liquidity position to support our long-term vision."

Bob Fast, President and Chief Executive Officer

Dear Stakeholders,

I am pleased to present our company's annual report for 2021. Despite the economic challenges, TIP continued to grow, solidify the business, improve M&R and Telematics offerings and established the foundation for our ESG platform.

During 2021, we continued to prioritise 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.

I would like to share some key highlights with you.

Revenue and financial performance highlights

As European and Canadian economies slowly recover, we delivered a strong set of results aided by strong fleet utilisation and efficiencies. This enabled us to increase revenue by 4% and our contribution margin to 56% (2020: 55%) despite growing cost inflation across the market.

We increased our EBITDA margin to 45% (2020: 43%), driven by improved performance on our leasing and rental product range while also decreasing operating expenses through cost saving initiatives to 11% (2020: 12%) of revenue.

Despite equipment scarcity in the market, we grew our leasing backlog by 4% to €1,045m (2020: €1,009m) by strategically investing for our customers. The interest rate pricing environment for leasing equipment remained challenging in 2021 as a result of negative interest rates in many of our markets. 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. During 2021, revenue remained on a high level at €122m, despite equipment shortages delaying repairs. This has led to a service backlog that will contribute to our 2022 performance. We continue to invest in the modernisation and 'greening' of our workshops and the addition of new mobile service units to underpin future growth.

Distribution

In March 2021, we declared a €10.5m as distribution to our shareholder and in August 2021, we declared an additional €70.6m as distribution representing the net profit of 2021 plus prior years net profit when no distribution had taken place. These distributions underscore our strong liquidity position and strong business performance despite the economic turbulence that has impacted our economy over the course of 2020 and 2021.

Management changes

In June 2021, Gerard Berghuis joined as Chief Legal Officer. Gerard is a very experienced General Counsel with global experience built up in various industries including leadership roles in biotechnology, retail, automotive, manufacturing and telecommunications companies. Gerard will be taking over from Jan Ihlau who sadly passed away at the end of 2020

We are also pleased to welcome Peter Jan Troost who was appointed Vice President of the Benelux region replacing Rogier Laan who was named Vice President Sales and Marketing for the global business. Theo de Vries joined the business as

Commercial Director for M&R and TIP Insight in June and has been focusing on enhancing the Pan European approach to our service product range.

Investments

Over the course of last year, we invested €301m (2020: €265m) in new fleet despite the global truck and trailer production shortage and continued to focus on serving our customers during challenging times. Additionally, during 2021 we closed 2 acquisitions worth €11m.

We simultaneously increased our efforts on remarketing, despite the COVID19 impact and a modest second-hand equipment market, and 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, despite solid utilisation of 93% (2020: 87%), we sold ~6,500 units (2020: ~11,700) for €65m (2020: €85m), while increasing our margins, demonstrating the strength of our remarketing network and our team's in-depth knowledge of the industry.

Financing

In 2021, we successfully increased our bank revolving credit facility(RCF) by €46m to €1,197m, while raising an additional €150m in the private placement term loan market which increased that facility to €425m. Furthermore, we restructured our asset backed securitisation (ABS) programme increasing the facility to €200m and achieving Simple, Transparent, Standardised (STS) compliance under EU securitisation regulation. These financing programmes and the liquidity they provide put us in a strong position to continue to invest in capex, PP&E and bolt-on acquisitions, and to broaden our geographic presence.

ESG

TIP laid the foundation stone for our sustainability vision and 'for Generations to come' our Environment, Social and Governance (ESG) strategy. Through implementing this strategy, we aim to achieve a positive impact in everything we do and establish a more resilient model that creates a more sustainable environment to support future growth of TIP.

Risk management

In 2021, 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 decreased from an already low level further to 0.2% (2020: 0.5%) of revenue.

Outlook

We are closely monitoring developments related to market conditions including the Russia-Ukraine crisis, the global material shortage and logistics development. Despite the market recovery there is a risk of further COVID19 waves and economic uncertainty as government subsidies ease down and high inflation driven by global energy prices. Robust financial modelling allows us to maintain visibility and take the necessary actions to continue navigating through this uncertain economic environment. Despite these challenges, we continue to see high demand for lease renewals and rental. We enter 2022 cautiously and are ready to flex both our capex and acquisition investments depending upon market developments. The focus remains on being able to satisfy our customers at a time when equipment delivery delays are considerable due to parts shortages from our European and Canadian network. We continue to have confidence in the future of 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 continued commitment in 2021. 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.

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. You make TIP a very special place to work. Thank you for all you do in our workshops and branches to support our many customers around the world.

Furthermore, I would like to welcome our new members to the TIP family from the recently acquired businesses of Transportkjøling Midt-Norge AS and Eurotrail UK Ltd. We look forward to working with and learning from you as we grow our business together. In Addition, in January 2022 we acquired Nextrent Trailers SL in Spain which will enable us to further grow our footprint in Mediterranean region.

I would like to thank Didier Felice and David Coupar, who retired in December 2021 and March 2022 respectively for their many years of dedication, commitment and contributions to our business.

Finally, our accomplishments and achievements would not have been possible without the continued 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 single decision we make.

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 2020 and 2019 as included in our annual reports for 2020 and 2019. 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.

2021 financial highlights and key components of performance

€m	2019	2020	2021	% change
Leasing	297	452	478	6%
Rental	134	209	243	16%
Damage protection	22	29	31	7%
Leasing and rental	453	690	752	9%
M&R 3rd party	117	116	122	5%
Fleet sales	40	85	65	(24%)
Other	16	23	16	(30%)
Total revenue	626	914	955	4%
Contribution (excluding: credit losses)	**329**	**505**	**538**	**7%**
Credit losses	(2)	(5)	(2)	(60%)
Contribution	**327**	**500**	**536**	**7%**
Contribution %	**52%**	**55%**	**56%**	**1%**
Operating expenses	(84)	(107)	(106)	(1%)
EBITDA	**243**	**393**	**430**	**9%**
EBITDA %	**39%**	**43%**	**45%**	**2%**
Operating profit	**53**	**87**	**118**	**36%**
Operating profit %	**8%**	**10%**	**12%**	**2%**
Net operating assets	1,973	1,872	1,892	1%
Capital efficiency	**20%[1]**	**20%**	**23%**	**3%**

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

Group revenue for the year increased by 4% to €955m (2020: €914m), with 9% growth in our leasing and rental business and 5% in M&R 3rd party.

Leasing and rental revenue increased by 9%, while maintenance and repair (M&R 3rd party) revenue increased by 5% to €122m (2020: €116m) impacted by market recovery from the 2020 fiscal year. This has led to a service backlog that will contribute to our 2022 performance. Leasing and rental revenue has increased by 3% to 78% (2020: 75%) of our total revenue. We invested €301m (2020: €265m) in our fleet, and a further €14m (2020: €12m), principally in workshops and digitisation, to modernise our platform and support future growth. Our TIP insight product is steadily growing as we further develop our offering achieving 10,000 customer contracts (2020: 1,900)

We sold ~6,500 used trailers and trucks (2020: ~11,700) 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 dedicated Remarketing team and diversified resale model, we were able to offset the market fluctuations and increase margins to 20% (2020: 11%).

We increased contribution by 7% to €536m (2020: €500m), exceeding revenue growth percentage and underscoring our cost efficiency. Fleet utilisation increased to record levels of 93% (2020: 87%) due to strong market demand and timing impact of lead-times for new equipment deliveries. Our M&R 3rd party margins increased to 26% (2020: 25%), which reflected further efficiency improvements after successfully integrating PEMA and Trailer Wizards during the year.

Operating expenses remained flat at €106m (2020: €107m), driven by cost saving initiatives to absorb the increasing costs of higher economic activity and market conditions. The focus on leveraging our existing cost base and capacity, enabled us to decrease operating expenses to 11% (2020: 12%) of revenue in 2021.

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 2021, we managed to decrease credit losses to €2m (2020: €5m) to 0.2% (2020: 0.5%) of revenue.

Our EBITDA increased by 9% to €430m (2020: €393m). This increase was driven by a higher fleet utilisation, cost saving initiatives and capitalising on used equipment sales margins. Net operating assets increased by 1% to €1,892m (2020: €1,872m), driven by fleet purchases, workshop investments, digitisations and acquisitions.

Operating profit increased by 36% to €118m (2020: €87m) reflecting improved EBITDA margins and organic growth.

Robust long-term cash flow model and performance

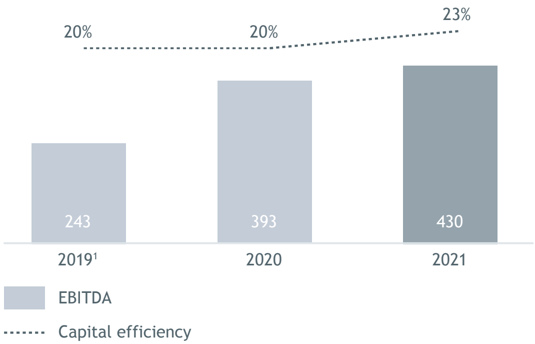
We typically purchase fleet when we secure new leasing contracts with customers. When economic and market activities are challenging, we have demonstrated the flexibility of our business model by appropriately increasing and deferring our fleet purchase to meet market demand:

Net capex

€m	2019	2020	2021
EBITDA (excluding the gain on fleet sales)	240	383	417
Fleet purchases	(238)	(265)	(301)
Acquisitions	(865)	-	(11)
Fleet sales	40	85	65
Other net capex	(11)	(12)	(14)
Net capex	**(1074)**	**(192)**	**(261)**
EBITDA - net capex	**(834)**	**191**	**156**

Our capital efficiency increased to 23% in 2021. At 23%, 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 from the effective deployment of our assets.

EBITDA (€m)



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

We continue to 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 2021, we continued to make substantial progress on our borrowings-related programmes. Our objectives were to:

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

We ended 2021 with total committed facilities primarily for fleet of €1,958m (2020: €1,662m), at an average margin of 2.2% (2020: 2.2%), and four diversified funding sources:

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

I. RCF:

Our revolving credit facility is a club deal with a consortium of banks and matures in December 2023. On 29 July 2021, we signed an agreement to refinance our existing loan facility by extending the maturity until December 2025 and increasing the facility by €46m with our existing banks in the consortium, using the accordion feature, totalling to €1,197m. We further have an accordion of €196m, which will allow us to expand the RCF or our private placement term loan facilities in the future.

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

At the end of 2021, €953m (2020: €960m) of the RCF facility was drawn.

Three financial covenants apply to the facility, with which we complied fully in 2021 and in prior years:

Covenants[1]

	2019	2020	2021
Interest cover	1.5x	1.8x	2.6x
Solvency	20%	21%	17%
Loan to value	88%	89%	90%

[1] Refer to note 25.1 of financial statements for definitions.

Solvency ratio is 4% lower compared with last year driven by the distribution of dividends to our shareholder amounting to €81m and a shareholder loan advance amounting to €50m during the year, underpinning our strong liquidity and portfolio performance.

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.

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

At the close of 2021, we had a committed senior loan facility of €200m, provided by 2 leading European banks, with a margin of 1.2% until December 2023. 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 2021, €41m (2020: €75m) of the new Irish 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 2021.

III. FLB:

At the end of 2021, as part of our funding lease book, we had lease facilities for fleet totalling €136m (2020: €137m), of which €88m (2020: €79m) was drawn. Interest rates on these leases are ~2.8% (2020: ~2.9%). These facilities are with various funders, manufacturers and lease providers principally in the UK, the Netherlands, Germany, Denmark 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 2021 with €95m (2020: €104m) of leases committed and drawn for PP&E.

IV. TL:

We successfully increased our TL by €150m on 3 August 2021, as part of our refinancing strategy, with our existing private placement term loan institutions. At the end of 2021, we have 9 (2020: 9) term loans totalling €425m (2020: €275m). Average interest rates on these term loans are ~2.4% (2020: ~2.4%), which are paid quarterly, with a duration of ~5 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. The accordion of €196m under RCF, can also be used to raise additional term loans providing flexibility to access further liquidity in the market and continue to diversify our sources of financing.

Liquidity overview

We ended 2021 with a strong liquidity position, as shown below:

€m	2019	2020	2021	% change
Cash	17	13	16	23%
Committed unused facilities:				
RCF	94	190	244	28%
ABS	29	25	159	536%
FLB	142	58	49	(16)%
TL	-	-	-	-
Total	**282**	**286**	**468**	**64%**
% change	(41%)	1%	64%	

We believe that by reinvesting our EBITDA and fleet sales, together with further expanding our financing programmes, we are in a favourable position to build and modernise our fleet base and workshop networks, while also pursuing advantageous acquisitions of both lease portfolios and workshops as the economic cycle 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 2021 by year of expiry:

€m	2022	2023	2024	2025	2026+	Total
RCF	-	-	-	1,197	-	1,197
ABS	-	200	-	-	-	200
FLB	42	37	31	24	98	232
TL	-	-	-	-	425	425
Total	**42**	**237**	**31**	**1,221**	**523**	**2,054**
% of total	2%	12%	1%	59%	26%	100%

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:

	2019		2020		2021	
	% hedged	Duration (years)	% hedged	Duration (years)	% hedged	Duration (years)
RCF	74%	2.4	70%	2.9	80%	2.4
ABS	100%	2.2	93%	1.9	100%	2.0
FLB	100%	4.1	100%	4.0	100%	4.1
TL[1]	100%	6.8	100%	5.8	100%	5.0
Weighted average	**83%**	**3.6**	**81%**	**3.7**	**88%**	**3.3**

[1] European Private Placement (EUPP) only.

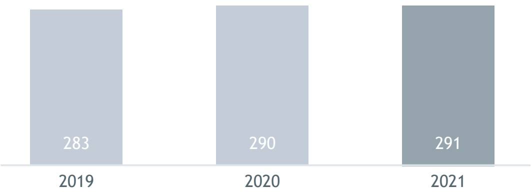
Foreign exchange risk management

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 €, £, 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

52%	55%	56%

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

Events after the reporting period and other significant items

On 17 January 2022, the Group acquired Nextrailer Rent S.L. from Guillén Group. Nextrailer Rent is a Spanish company, adding approximately 900 vehicles to the TIP fleet. TIP management intends to integrate the assets into its existing Spanish business in the course of 2022.The Group has not yet finalised the accounting treatment of the acquisition.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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.

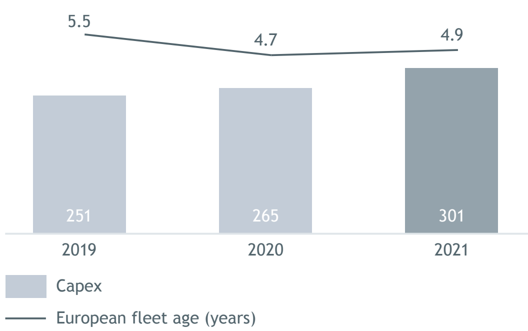
The change in ADR over the past 3 years is explained as follows:

We invested €301m (2020: €265m) in new equipment. The average age of our European fleet increased from 4.7 years to 4.9 years. Our capex investment was understated due to delays from original equipment manufacturers (OEMs) driven by increased equipment demand and COVID19 restrictions with many factories not running to full capacity.

ADR

€	2019	2020	2021
Prior year	17.0	18.3	19.2
FX impact	-	(0.1)	0.2
M&A impact	0.7	0.2	-
Other/mix impact	0.6	0.8	0.3
Current year	18.3	19.2	19.7
UTE%	91%	87%	93%

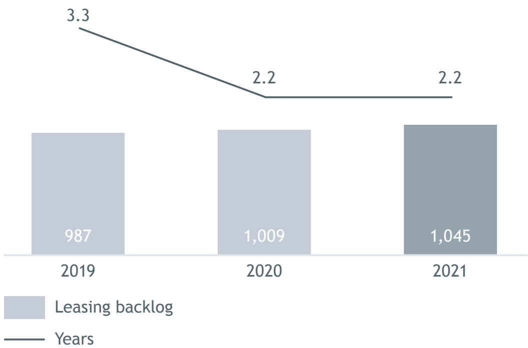
Capex (€m)



In 2021 we increased our leasing revenue by 6% (2020: 52%). Re-lease rates on expired leases remained at a high level of 51% (2020: 48%). 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 87% in 2021).

As a result of both strong lease renewals and new capex leases, we grew our leasing revenue backlog to €1,045m.

Leasing revenue 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 2022 to satisfy customer demand for new equipment leases.

Strong fleet demand and modest market conditions across Europe and Canada, had a positive impact on our rental business, which was reflected in the 16% increase in our rental revenue. Our well-maintained rental fleet is an ideal solution in uncertain times, providing 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 2021, damage protection revenue increased to €31m (2020: €29m).

Leasing and rental

€m	2019	2020	2021
Leasing	297	452	478
Rental	134	209	243
Damage protection	22	29	31
Revenue	**453**	**690**	**752**
M&R own fleet costs	(148)	(221)	(250)
Damage protection costs	(12)	(14)	(16)
Contribution	**293**	**455**	**486**
Contribution %	65%	66%	65%

Despite an increase in our UTE, leasing and rental contribution % showed a small decrease in margin to 65%. The principal drivers were as follows:

- Limited investments in new equipment during COVID19 crisis in 2020 and 2021 and growing cost inflation across the market has led to an increased maintenance requirement. With increased new fleet investment from mid 2021 onwards, this will stabilise and eventually the trend will reverse.
- We were able to increase the volume of the insourced activity by €13m (2020: €9m) via an improved productivity in 2021 through the launching of new workshops, efficiency

improvements in existing ones and enhanced insource cost control. In addition we also limited the increases in the costs of the external sourced activities through a series of initiatives in sourcing, process re-engineering that utilises operational applications and stronger approval processes.

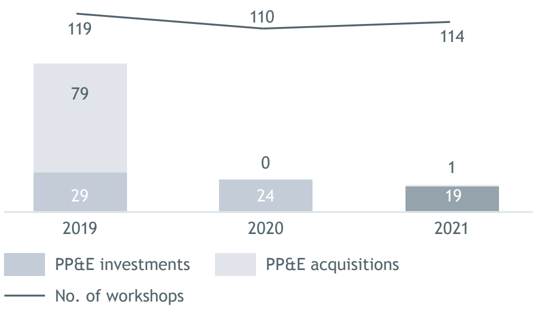
- Damage protection margins remain solid, with customers appreciating the security that this product offering provides.

Focus on maintenance and repair performance

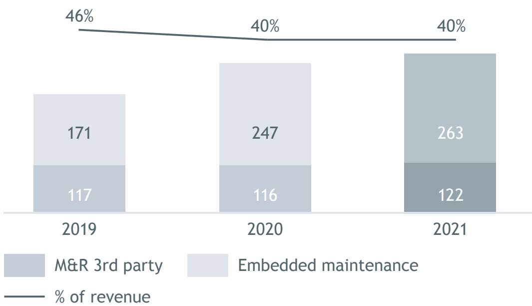
Our fleet maintenance and repair offering enables our customers to focus on their core business to ensure compliance with regulatory standards, and provides predictability of maintenance costs. Our maintenance and repair revenue has increased by ~250% since 2014. Furthermore, a significant volume of maintenance and repair revenue has been generated through the maintenance embedded within our leasing and rental portfolio. Total maintenance and repair (included embedded) revenue remained stable at 40% of total revenue in 2021 (2020: 40%). The increase in maintenance and repair (included embedded) revenue of ~€22m was primarily driven by a strong market demand and a recovery in the maintenance market. We anticipate a further improved performance in 2022.

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	2019	2020	2021
Revenue	117	116	122
Contribution	**29**	**29**	**31**
Contribution %	**24%**	**25%**	**26%**

The growth in maintenance and repair revenue in 2021 was achieved at a substantially higher margin of 26%, up by 1% from prior year and the highest margin we have achieved in recent years. The principal drivers were as follows:

- Efficiency gains of workshops built and acquired in previous years that are now running at normal operating capacity levels.
- We have successfully increased efficiency through advance maintenance planning while strengthening our recruitment processes and practices, resulting in higher productivity in our workshops.
- Continuous investments and modernisation of our workshops contributed to an improved margin

We added 6 (2020: 0) new workshop in 2021. Investments in new workshops generally take 12 to 24 months to achieve normal capacity levels as we need to invest in building our commercial pipeline and in hiring and training mechanics. We expect these workshops to support maintaining and growing margins in future years. During 2021 we also closed 2 workshops to further optimise the geographic spread of our workshop network.

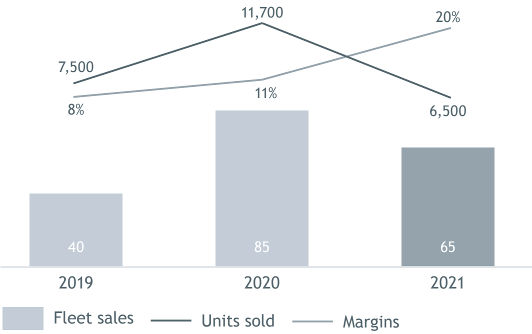
Focus on used assets

Sales volume in 2021 was impacted by the availability of assets. Long manufacturer lead times and high rental demand had a significant effect on the number of assets available for disposal. Despite the lower volumes, we were able to increase the margin on fleet sales significantly compared with 2020. Fleet sales for the year was just over 6,500 assets (2020: ~11,700). Revenue decreased as a result of the lower sales volume

We achieved an increase in margins in 2021 from 11% to 20%. The principal drivers were as follows:

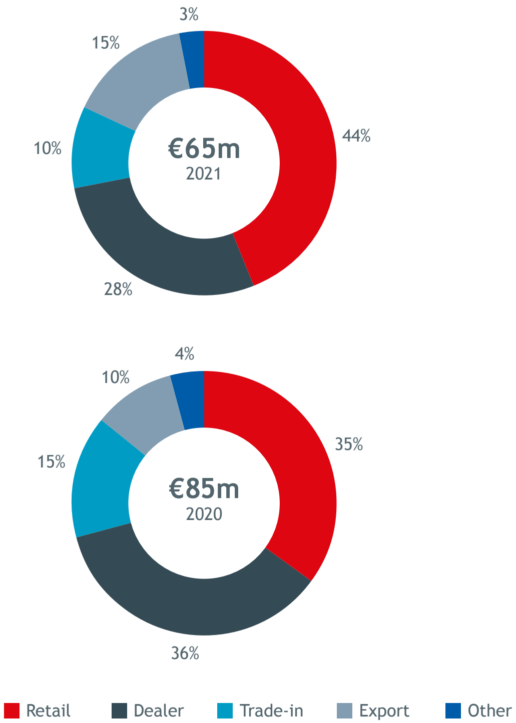
- Continued focus on retail sales and development of our dedicated remarketing sites
- Strong brand image in 2nd hand markets
- Diversified product offering in a wide geography of markets
- Strong market demand due to asset shortage

Fleet sales (€m)



Retail sales to 'end users', which was a key driver for revenue and margins, increased in 2021 to 44% (2020: 35%) of total sales volume.

Fleet sales by end markets



In 2021, we sold to around 1,500 customers in 50 markets. While our key focus are is the large European market, we continue to develop our network and customer base in export markets.

Used assets centres

Focus on acquisitions and integrations

Following the partial easing of travel restrictions in the second half of 2021, we have been able to refocus our efforts on growth through acquisitions, successfully completing two (2020: one) acquisitions during the year.

Firstly, we closed a transaction in Norway to take over the assets, employees and contracts of Transportkjøling Midt-Norge AS, a workshop business with expertise in the servicing of engines for refrigerated trailers.

We also subsequently, acquired Steers Group in the UK, a leasing business focused on commercial vehicles and specialised equipment, which added an additional 370 assets to TIP's UK fleet.

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 44 acquisitions completed since the beginning of 2014, four (2020: three) 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 have been 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.

Over the coming 2 years, 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 our 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.

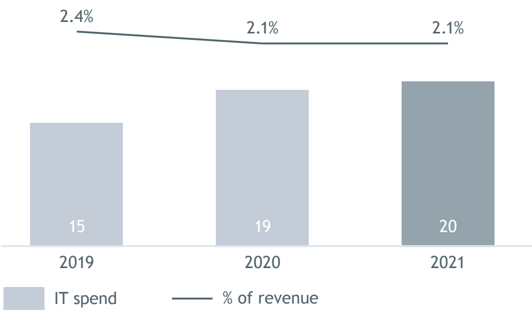
Our aim is now to invest in the front end of our business in order to:

- Increase the speed and quality of customer service
- Drive productivity and efficiency through Lean process engineers across all functions
- Provide employees with tools that 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 11%. During that period, our revenue has almost tripled, with our M&R revenue increasing by ~250%, the number of workshops increasing from 41 to 114, 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	2019	2020	2021
Mandatory insurances			
Fleet	3,871	7,306	8.943
Company cars	394	286	251
Total mandatory insurances	**4,265**	**7,592**	**9,194**
% of revenue	**0.7%**	**0.8%**	**1.0%**
Optional insurances			
General liability	240	215	227
Property and business interruption	286	533	655
Director and officer (D&O)	37	63	63
Employee business travel	72	54	72
Crime	36	68	89
Cyber	47	51	59
Total optional insurances	**718**	**984**	**1,165**
% of revenue	**0.1%**	**0.1%**	**0.1%**
Total	4,983	8,576	**10,359**
% of revenue	0.80%	0.90%	**1.1%**


TIP

Governance

In this section

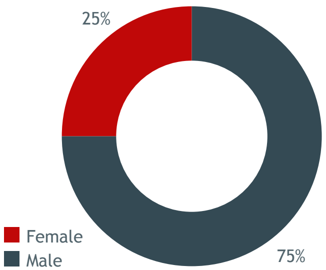
Board of Directors

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.**

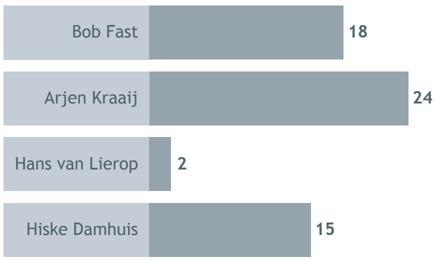
Bob Fast – American
President and Chief Executive Officer

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.

Gender diversity (The Board)[1]



TIP years of experience (The Board)[1]



[1] At year end.

Bob was appointed CEO of TIP in 2003. In 2009, he additionally assumed the position of President and CEO of GE Equipment Services. Bob led the carve-out and sale of TIP from GE in 2013, and the sale to I Squared Capital in 2018. Furthermore, he led the integration of TIP 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 and appointed to the Board in 2014. He is based in the Netherlands.

Main responsibilities: Strategy and business execution

Arjen Kraaij – Dutch
Deputy Chief Executive Officer

Arjen was appointed Deputy CEO for TIP in January 2021.

Arjen joined 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. More recently he led the successful acquisition strategy as well as the sourcing and asset management functions globally. Arjen was appointed to the Board in 2018. He is based in the Netherlands.

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

Hans Van Lierop – Dutch
Chief Financial Officer

Hans was appointed CFO for TIP in May 2020.

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

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

Hiske Damhuis – Dutch
Chief Human Resources Officer

Hiske was appointed HR Director of TIP in 2006, and promoted to HR Director of GE Equipment Services in 2009. In addition to this role, she was a 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. Hiske was appointed to the Board in 2018. She is based in the Netherlands.

Main responsibilities: People and employee communication

Senior leadership

Deep industry and international experience

The Executive Management Team (EMT) is responsible 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, BI, EHS, ESG, integration of TIP-acquired businesses and non-fleet sourcing

Gerard Berghuis – Dutch
Chief Legal Officer and Company Secretary

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

Form together with the EMT the SLT:

Oliver Bange – German
Vice President
Central Europe Region

Mark Crossland – British
Vice President
Tankers UK

Didier Felice[1] – French
Vice President
M&R and TIP Insight

Michael Furnival – British
Vice President
UK and Ireland Region

Rogier Laan – Dutch
Vice President
Sales & Marketing

Jim MacIntosh – Canadian
Vice President
Canada

Frederic Notte – French
Vice President
Mediterranean Region

Christian Petersen – Danish
Vice President
Nordic Region

Peter Jan Troost – Dutch
Vice President
Benelux Region

Theo de Vries – Dutch
M&R and TIP Insight
Commercial Director

Andy Wyatt – British
Chief Information Officer

[1] (retired in December 2021).

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.

Shareholder boards

The Supervisory Board

The Supervisory Board supervises the Management Board of the shareholder 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. During 2021, they also met and participated in conference calls with broad groups of employees, on both an individual and group basis.

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. During 2021, they also met and participated in conference calls with broad groups of employees, on both an individual and group basis.

The Supervisory Board and the Management Board met four times in 2021.

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.

Cube Transportation Board

Remuneration Committee (RemCo)

R

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

Investment Committee (InvestCo)

I

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

Audit Committee (AuditCo)

A

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

R 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

I Investment Committee

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

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

A Audit Committee

The **members** of Audit Committee are:

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

Individual directors regularly interact with the SLT on both an individual and group basis. During 2021, 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 Management Board, the Supervisory Board of Cube Transportation and the Management Board of Cube Transportation could face a conflict of interest that is of material significance to the business and/or to the relevant members of the Boards, require the approval of the Supervisory Board. The Supervisory Board is responsible for deciding on how to resolve conflicts of interest between members of the Management Board, the SLT, our shareholder and the external auditor.

During 2021, no conflicts of interest were identified.

Directors' responsibility statement

The Management Board is responsible for maintaining proper accounting records, safeguarding assets, and preventing and detecting fraud and other irregularities. Furthermore, the Management 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, Treasury & Investor Relations and Tax teams, in addition to being reviewed by the external auditors

On 23 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 2021 and the independent auditor's assurance report that EY had issued on those financial statements. Following that discussion, the Management Board authorised the consolidated financial statements for the year 2021 for issuance.

Each member of the Management 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 2022

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

Viability statement

The Management 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.

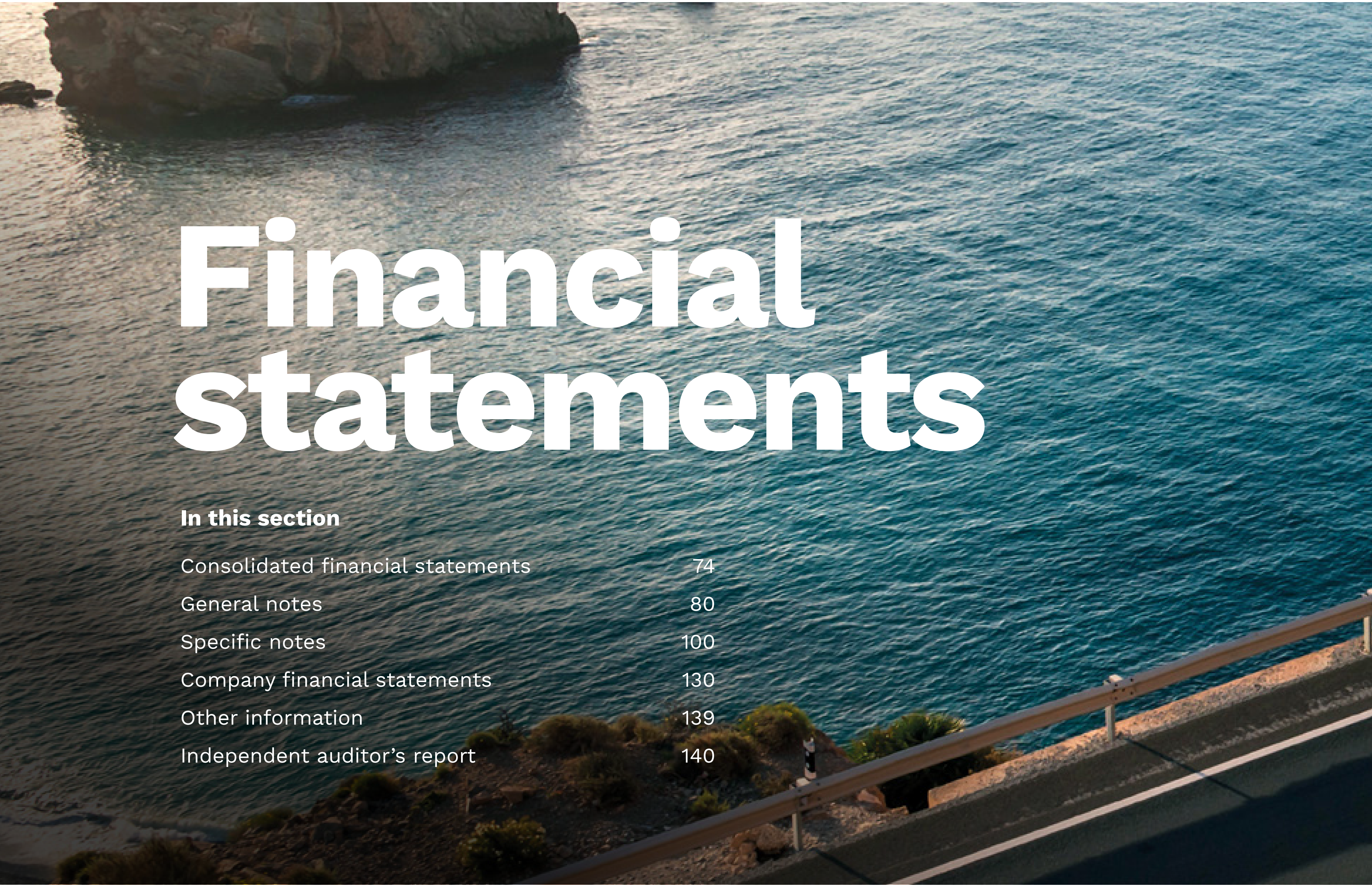
While the Management Board has no reason to believe we will not be viable over a longer period, the period over which they consider it possible to form a reasonable expectation as to our longer-term viability is the five-year period to December 2026. This aligns with the duration of the business plan 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 Management 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 Management 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 2026.



Financial statements

In this section


TIP

Consolidated statement of profit or loss

for the period ended 31 December

€m	Note	2021	2020
Revenue	8	955.4	914.2
Cost of sales	9	(699.5)	(685.2)
Expected credit losses	9	(2.4)	(4.5)
Gross profit		**253.5**	**224.5**
Administrative and other operating expenses	10	(135.5)	(137.1)
Amortisation of intangible assets	10	(9.1)	(7.6)
Exceptional administrative items	16	(2.9)	(6.4)
Operating profit		**106.0**	**73.4**
Finance income		0.5	-
Finance cost	14	(50.6)	(51.4)
Profit before taxes		**55.9**	**22.0**
Taxation	15	(7.2)	(0.9)
Net profit		**48.7**	**21.1**
Underlying operating profit[1]		**118.0**	**87.4**

[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	2021	2020
Net profit		**48.7**	**21.1**
Foreign currency translation		15.8	(14.0)
Taxation		-	-
Foreign currency translation reserve, net of tax		**15.8**	**(14.0)**
Cash flow hedge revaluation		8.2	(9.9)
Taxation	15.2	(1.7)	2.1
Cash flow hedge, net of tax		**6.5**	**(7.8)**
OCI to be reclassified to profit or loss in subsequent periods, net of tax		**22.3**	**(21.8)**
OCI for the period, net of tax		**22.3**	**(21.8)**
Comprehensive income/(loss) for the period, net of tax		71.0	(0.7)

Consolidated balance sheet
at the period ended 31 December

€m	Note	2021	2020[1]
Fleet	17	1,783.5	1,743.7
Property, plant and equipment	18	204.0	211.7
Intangible assets	19	144.2	136.8
Financial assets	20	50.0	-
Deferred tax assets	21	8.5	4.1
Non-current assets		**2,190.2**	**2,096.3**
Inventories	22	17.6	18.8
Trade and other receivables	23	205.3	155.2
Financial assets	20	0.2	-
Current tax assets		0.4	0.2
Cash and equivalents	24	15.6	13.4
Current assets		**239.1**	**187.6**
Total assets		**2,429.3**	**2,283.9**
Borrowings	25	45.2	121.1
Derivatives	26	2.6	3.7
Provisions	27	0.8	0.9
Trade and other payables	28	207.9	153.7
Current tax liabilities		6.9	5.9
Current liabilities		**263.4**	**285.3**
Borrowings	25	1,536.9	1,361.6
Derivatives	26	-	7.4
Provisions	27	0.1	0.4
Trade and other payables	28	27.1	25.6
Deferred tax liabilities	21	84.2	75.9
Non-current liabilities		**1,648.3**	**1,470.9**
Total liabilities		**1,911.7**	**1,756.2**
Net assets		**517.6**	**527.9**
Share capital	30	-	-
Share premium		432.1	432.1
Retained earnings		91.5	123.9
Other reserves	30	(6.0)	(28.3)
Equity		**517.6**	**527.7**

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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 2020		-	432.1	115.2	(6.5)	540.8	0.1	540.9
Net profit		-	-	21.1	-	21.1	-	21.1
OCI for the period	30	-	-	-	(21.8)	(21.8)	-	(21.8)
Total comprehensive income		-	-	21.1	(21.8)	(0.7)	-	(0.7)
Dividends	30	-	-	(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
Net profit		-	-	48.7	-	48.7	-	48.7
OCI for the period	30	-	-	-	22.3	22.3	-	22.3
Total comprehensive income		-	-	48.7	22.3	71.0	-	71.0
Dividends	30	-	-	(81.1)	-	(81.1)	-	(81.1)
At 31 December 2021		-	432.1	91.5	(6.0)	517.6	-	517.6

Consolidated statement of cash flows

for the period ended 31 December

€m	Note	2021	2020
Operating activities		-	-
Profit before tax		55.9	22.0
Adjustments to reconcile profit before tax to net cash flows	a	359.8	363.1
Working capital movements	b	6.8	(15.1)
Net fleet investments	c	(236.3)	(180.4)
Net interest and tax	d	(70.1)	(46.2)
Net cash flows from/(used in) operating activities		116.1	143.4
Investing activities			
Business combinations (net of cash acquired)	7	(5.8)	-
Loan granted	20	(50.0)	-
Proceeds from PP&E disposal		0.4	0.7
PP&E purchases		(9.0)	(6.6)
Intangible assets purchases		(5.1)	(5.8)
Net cash flows from/(used in) investing activities		**(69.5)**	**(11.7)**
Net cash flows after investing activities		46.6	131.7
Financing activities		-	-
Borrowing drawdowns		417.4	192.3
Payment of principal portion of lease liabilities		(44.9)	(48.5)
Borrowing repayments		(336.4)	(266.3)
Dividends paid	30	(81.1)	(12.4)
Net cash flows from/(used in) financing activities		**(45.0)**	**(134.9)**
Net cash flows after investing and financing activities		1.6	(3.2)
Cash and equivalents at 1 January		13.4	16.5
Net increase/(decrease) in cash and equivalents		1.6	(3.2)
Net foreign exchange difference		0.6	0.1
Cash and equivalents at 31 December	24	15.6	13.4

Additional information on the consolidated statement of cash flows

for the period ended 31 December

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

€m	Note	2021	2020
Gain on disposal of fleet		(12.7)	(9.1)
Gain on disposal of PP&E	10	(0.3)	-
(Gain)/loss on disposals		**(13.0)**	**(9.1)**
Depreciation of fleet	17	281.5	274.6
Depreciation of PP&E	18	29.7	30.6
Amortisation of intangible assets	19	9.1	7.6
Depreciation/amortisation		**320.3**	**312.8**
Finance income		(0.5)	-
Finance cost	14	50.6	51.4
Finance items		**50.1**	**51.4**
Other non-sale disposals related to fleet	17	2.7	3.2
Movement in provisions		(0.3)	0.3
Lease modifications		-	4.5
Other non-cash adjustments		**2.4**	**8.0**
Total		**359.8**	**363.1**

b) Working capital movement

€m	2021	2020
Increase/(decrease) of inventories	(1.2)	(14.0)
Increase/(decrease) of trade receivables	50.1	(12.9)
(Increase)/decrease of trade payables	(55.7)	42.0
Total	**(6.8)**	**15.1**

c) Net fleet investments

€m	Note	2021	2020
Proceeds from fleet sales		64.7	84.5
Fleet purchases		(295.9)	(261.3)
Fleet customisation expenditures paid	17	(5.1)	(3.6)
Net fleet investments		**(236.3)**	**(180.4)**

d) Net interest and tax

€m	Note	2021	2020
Interest received		0.2	-
Interest paid		(38.4)	(40.8)
Interest rate swaps realised loss	14	(4.7)	(3.1)
Debt issuance fee		(16.0)	(0.3)
Income tax paid		(11.2)	(2.0)
Net interest and tax		**(70.1)**	**(46.2)**

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 2021, were authorised for issue in accordance with resolution of the Board of Directors of the Company dated 23 March 2022. Information on the Group shareholding structure is provided in note 31

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

The immediate parent of the Company at 31 December 2021 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 Advisors (US) LLC ("ISQ") is an independent global infrastructure investment manager who provides investment advice to Fund II, its investors and portfolio companies.

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

ISQ is an investment adviser registered with the U.S. Securities and Exchange Commission (with SEC# 801-78269) which is headquartered in Miami, employing over 165 professionals managing 43 platform companies across 53 countries from its local offices in London, Hong Kong, Singapore, New Delhi, and Taipei. The firm has over $33 billion of assets under management, including committed capital from some of the world's largest pension funds, sovereign wealth funds, asset managers, banks and insurance companies from North America, Europe, Middle East, Asia and Australia.

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

2. Basis of preparation

a) 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.

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

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 and derivatives.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at 31 December 2021.

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 provide comparative information in respect of the previous period.

e) Statement of cash flows

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

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.

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

In addition to the criteria above, the following revenue recognition criteria apply:
I) Leasing: consists of revenue from operating leases with a contractual duration of one year or more. Revenue from operating leases also includes an element related to maintenance and repair (M&R). Operating lease revenue is accounted for on a straight-line basis over the lease term.

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

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

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

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

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

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

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

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

Deferred revenue relates to amounts billed in advance.

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

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

c) Cost of sales

The following cost recognition criteria apply:

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

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

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

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

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

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

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

VIII) Depreciation of fleet: the equipment is depreciated to holding periods and residual values determined by the Group's Asset Management team (AMT). For details see note 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 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 consolidated financial statements where it is necessary to provide a further understanding of the financial performance of the Group. They are items of revenue or expense which because of their size, nature or expected infrequency merit separate presentation in the consolidated statement of profit or loss. The following items are considered exceptional if and when they occur:

- Costs of significant restructuring;
- External costs related to Business Transformation that cannot be capitalised;
- External costs incurred associated with the acquisition and integration of newly acquired businesses;
- Profits and losses on disposal, closure, exit or subsidiaries, joint ventures, associates and investments which do not form part of TIP's ongoing business activities;
- Significant provisions for onerous contracts;
- Significant one-off legal provisions and settlements;
- Significant impairments of goodwill, property plant and equipment and fleet;
- COVID19 related expenses (e.g. cleaning, personal protection equipment).

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

For the European market the initial holding period for new equipment ranges from 5 to 9 years, depending on the equipment type. Estimated residual values for the initial holding period for trailers range from 21% to 38% of the cost, depending on the equipment type. For trucks the estimated residual values are between 8% and 38% of the cost.

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

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.

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 technique is applied.

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

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

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

The Group bases its impairment calculation on projected fleet cash flows as follows:

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

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

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, which usually coincides with the receipt of cash. Book value of the assets sold and any costs directly associated with the sale are recorded at the same time. Sales invoices are typically issued to coincide with cash receipts. Therefore at the end of each accounting period, there are no trade receivables relating to PP&E sales on the balance sheet.

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	3-7	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) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

Derecognition

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

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

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

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

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

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

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

II) Borrowings and trade payables
Initial recognition and measurement
Borrowings and trade payables are recognised at fair value, net of directly attributable transaction costs.

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

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

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

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

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

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

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

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

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

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

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

Derecognition

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

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

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:

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

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

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

COVID19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID19 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 COVID19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

This amendment had no material 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) 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.

b) 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.

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) Taxation

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

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

b) 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.

c) Fair value measurement of lease liabilities

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

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

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

d) Fair value measurement of derivatives

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

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

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. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023.

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Several other IFRS amendments and interpretations were issued in 2021, but are not applicable or will not impact 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	2021	2020
Interest cover	2.6x	1.8x
Solvency	17%	21%
Loan to value	90%	89%

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	2021	2020
Gross borrowings after foreign exchange	25	1,601.3	1,492.8
Less: cash and equivalents	24	(15.6)	(13.4)
Net borrowings		**1,585.7**	**1,479.4**
Equity		517.6	527.7
Capital and net borrowings		**2,103.3**	**2,007.1**
Gearing ratio		75%	74%

7. Business combinations

On 31 October 2021, the Group acquired 100% of the shares in Eurotrail UK Ltd, a leasing and rental business in the United Kingdom. Other business combinations completed during the period were not considered sufficiently material to warrant separate disclosure and are included in the table below.

Assets acquired and liabilities assumed

The consideration and fair values of the identifiable assets and liabilities as at the date of acquisition were:

€m	2021	2020
Fleet	22.7	-
PP&E	0.3	-
Intangible assets	3.0	-
Deferred tax assets	3.3	-
Inventories	0.3	-
Trade and other receivables	1.0	-
Cash and equivalents	5.3	-
Assets	**35.9**	**-**
Borrowings	19.0	-
Deferred tax liabilities	4.9	-
Trade and other payables	3.2	-
Liabilities	**27.1**	**-**
Total identifiable net assets acquired	**8.8**	**-**
Goodwill	2.3	-
Total consideration	**11.1**	**-**

Net cash flow used in business combinations	2021	2020
Cash consideration	11.1	-
Less: net cash acquired	(5.3)	-
Total	5.8	-

Any amendments to fair values within the twelve month timeframe from the date of acquisition will be reflected in the Annual Report 2022 as stipulated by IFRS 3.

Goodwill

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

Revenue and operating profit or loss related to business combinations

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

€m	2021	2020
Revenue	2.3	-
Operating profit	0.1	-

Specific notes

8. Revenue

€m	2021	2020
Leasing	478.5	452.3
Rental	243.5	209.2
Damage protection	30.8	29.3
Leasing and rental	**752.8**	**690.8**
M&R 3rd party	121.9	115.5
Fleet sales	64.7	84.5
Other	16.0	23.4
Total	955.4	914.2

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

€m	2021	2020
Embedded maintenance revenue	262.5	247.3

9. Cost of sales

€m	Note	2021	2020
M&R own fleet		250.0	221.2
Damage protection		15.7	13.6
Leasing and rental variable		**265.7**	**234.8**
M&R 3rd party		90.6	86.9
Fleet sales		52.0	75.4
Other		8.4	12.4
Variable		**416.7**	**409.5**
Expected credit losses		2.4	4.5
Total variable		419.1	414.0
Depreciation of fleet	17	281.5	274.6
Lease in - low value assets		1.3	1.1
Total fixed		282.8	275.7
Total		701.9	689.7

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

€m	Note	2021	2020
Employee benefit expenses	11	**61.6**	**66.0**
Outside service fees	12	26.8	23.3
Travel and living		3.3	3.9
Other facilities		8.3	7.5
Office expenses		3.3	3.6
Sales promotion		1.7	0.9
Other expenses		1.1	1.3
Other operating expenses		**44.5**	**40.5**
Depreciation of PP&E	18	29.7	30.6
(Gain)/loss on disposal of PP&E		(0.3)	-
Total excluding exceptional		**135.5**	**137.1**
Exceptional items	16	2.9	6.4
Total		**138.4**	**143.5**
Amortisation of intangible assets	19	**9.1**	**7.6**

11. Employee benefits expense

€m	Note	2021	2020
Wages and salaries		127.1	124.7
Social security		21.2	19.4
Pension		8.5	6.8
Other		1.3	0.7
Compensation and benefits		**158.1**	**151.6**
Included in contribution/cost of sales		**(96.2)**	**(85.3)**
Included in software (capitalised/work in progress)		**(0.3)**	**(0.3)**
Employee benefits expense	10	**61.6**	**66.0**
Wages and salaries		49.8	54.3
Social security		7.7	8.6
Pension		3.6	3.2
Other		0.5	-
Total	10	**61.6**	**66.0**
Average headcount[1]		**2,721**	**2,790**

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

The employee benefits expense of €96.2m (2020: €85.3m) included in cost of sales contain €77.0m (2020: €70.2m) of wages and salaries, €13.5m (2020: €10.8m) of social security, €4.9m (2020: €3.6m) of pension and €0.8m (2020: €0.7m) of other salary related expenses.

12. Outside service fees

€m	Note	2021	2020
IT services		13.4	12.0
Legal		3.3	2.3
Audit and accounting advisory fees	13	2.1	1.6
HR Services		1.9	1.4
Temporary staff		1.4	2.0
Business process outsourcing		1.1	1.1
Consultancy		1.1	1.1
Banking services		0.5	0.7
Other		2.0	1.1
Total	10	26.8	23.3

13. Audit and accounting advisory fees

€m	Note	2021	2020
Fees to Group auditor for audit of Group's annual financial statements		0.4	0.2
Fees to auditors for audit of subsidiaries pursuant to legislation		1.0	0.8
Audit fees[1]		**1.4**	**1.0**
Tax services		0.2	0.1
Non-audit fees Group auditor[1]		**0.2**	**0.1**
Other services		0.5	0.5
Fees paid to other accounting firms		**0.5**	**0.5**
Total	12	2.1	1.6

[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	2021	2020
Interest	37.1	40.3
Commitment fees	1.5	1.1
Amortisation of deferred fees	7.2	4.6
Funding related finance cost	**45.8**	**46.0**
Foreign exchange losses	0.4	2.1
Finance cost before derivatives	**46.2**	**48.1**
Interest rate swap realised loss	4.7	3.1
Interest rate swaps fair market value loss	(0.3)	0.2
Derivatives	**4.4**	**3.3**
Total	50.6	51.4

Funding related costs occur on borrowings as set out in note 25. Interest expense includes €7.7m (2020: €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. The hedges qualify for hedge accounting, hence movements in fair market value have been reported in the other reserves account, please refer to note 30 for further details.

15. Taxation

15.1 Taxation for the period

The major components are as follows:

€m	Note	2021	2020
Current taxation for the period		11.8	7.4
Adjustment to prior periods		(0.3)	(1.2)
Current tax		**11.5**	**6.2**
Changes in tax rates	21.1	1.4	1.7
Deferred taxation for the period	21.1	(5.1)	(7.6)
Adjustment to prior periods	21.1	(0.6)	0.6
Deferred tax		**(4.3)**	**(5.3)**
Taxation		**7.2**	**0.9**

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:

	Total	
2021	€m	%
Profit before taxes	55.9	
Dutch statutory tax	(13.9)	25%
Effect of tax rates in foreign jurisdictions	1.1	(2%)
Non-deductible expenses	(0.5)	1%
Change in tax rates	(1.4)	3%
Release of DTA provision	6.9	(12%)
Adjustment to prior periods	0.6	(1%)
Taxation and ETR	**(7.2)**	**14%**

	Total	
2020	€m	%
Profit before taxes	22.0	
Dutch statutory tax	(5.5)	25%
Effect of tax rates in foreign jurisdictions	0.8	(3%)
Non-deductible expenses	(0.6)	3%
Change in tax rates	(1.7)	8%
Release of DTA provision	5.5	(25%)
Adjustment to prior periods	0.6	(3%)
Taxation and ETR	**(0.9)**	**5%**

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 following country tax legislation, prior period adjustment results from the adjustment of tax positions, the enacted and substantially enacted change in tax rates in the Netherlands, France and United Kingdom for current and future years. The change in deferred taxes relates to the release of provisions for deferred tax assets as a result of updated business plans.

15.2 Deferred tax recognised in OCI during the period

€m	Note	2021	2020
Cash flow hedge	21.1	(1.7)	2.1
Deferred tax effect charge in OCI		**(1.7)**	**2.1**

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	2021	2020
Restructuring costs		(0.8)	-
Other operational items	a	(2.1)	(6.4)
Administrative items	10	**(2.9)**	**(6.4)**
Total		**(2.9)**	**(6.4)**

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.

The Group discontinued previous practice to disclose exceptional tax and finance items separate from regular tax and finance items. The management believes the nature of these items is already sufficiently disclosed in the financial statements to provide a true and fair view of the performance of the Group. Accordingly, tax and finance costs previously disclosed as exceptional items were reclassified to regular items. The impact concerns a change in presentation only.

a) Other operational items:

€m	2021	2020
Integration	(1.0)	(3.8)
COVID19	(0.5)	(1.6)
Sale of business	-	(1.0)
Business transformation	(0.6)	-
Total	**(2.1)**	**(6.4)**

Integration expenses in 2021 are related to two major acquisitions performed in December 2019. COVID19 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. Business Transformation expenses concern non-capitalisable costs related to the research phase of the Business Transformation project. The expenses related to the sale of business relate to the disposal of Best of Pneu in 2020.

17. Fleet

€m	Note	Cost	Depreciation	Total
At 1 January 2020		**2,362.0**	**(513.7)**	**1,848.3**
Additions		285.4	-	285.4
Fleet customisation		3.6	-	3.6
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	22	(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**
Additions		306.3	-	306.3
Fleet customisation		5.1	-	5.1
Business combinations	7	22.7	-	22.7
Depreciation	9	-	(281.5)	(281.5)
Disposals		(92.5)	45.0	(47.5)
Non-sale disposals		(5.3)	2.6	(2.7)
Transferred to inventories	22	(16.2)	10.1	(6.1)
Foreign exchange movements		60.4	(16.9)	43.5
At 31 December 2021		**2,748.1**	**(964.6)**	**1,783.5**

The majority of the Group's Fleet is pledged as collateral with respect to borrowings. Please refer to commitments and contingencies in note 33.

17.1 Right of use fleet

Included in fleet are right of use assets:

€m	Cost	Depreciation	Total
At 1 January 2020	**174.2**	**(67.4)**	**106.8**
Additions	24.1	-	24.1
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**
Additions	12.0	-	12.0
Business combinations	13.1	-	13.1
Depreciation	-	(18.4)	(18.4)
Non-sale disposals	(0.9)	0.8	(0.1)
Transferred to fleet	(23.0)	14.0	(9.0)
Foreign exchange movements	6.4	(1.9)	4.5
At 31 December 2021	**181.3**	**(83.8)**	**97.5**

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	Note	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2020		**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**
Additions		-	15.4	0.3	3.3	19.0
Business combinations	7	-	0.3	-	-	0.3
Disposals		-	0.2	(0.1)	(0.3)	(0.2)
Non-sale disposals		-	(3.4)	-	(0.2)	(3.6)
Foreign exchange movements		0.8	5.4	0.2	0.6	7.0
At 31 December 2021		**49.3**	**251.7**	**7.5**	**32.0**	**340.5**

Depreciation

€m	Note	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2020		**-**	**(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)**
Charge for the period	10	-	(24.7)	(0.7)	(4.3)	(29.7)
Disposals		-	(0.3)	-	0.2	(0.1)
Non-sale disposals		-	1.4	-	0.1	1.5
Foreign exchange movements		-	(1.4)	(0.1)	(0.4)	(1.9)
At 31 December 2021		**-**	**(109.2)**	**(4.9)**	**(22.4)**	**(136.5)**

Net book value at 31 December

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
2020	48.5	149.6	3.0	10.6	211.7
2021	**49.3**	**142.5**	**2.6**	**9.6**	**204.0**

[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 2020	**-**	**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**
Additions	-	8.3	-	1.7	10.0
Business combinations	-	0.1	-	-	0.1
Non-sale disposals	-	(3.4)	-	(0.2)	(3.6)
Foreign exchange movements	-	4.6	-	0.1	4.7
At 31 December 2021	**-**	**163.4**	**-**	**12.9**	**176.3**

Depreciation

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
At 1 January 2020	**-**	**(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)**
Charge for the period	-	(18.7)	-	(1.9)	(20.6)
Non-sale disposals	-	1.4	-	0.1	1.5
Foreign exchange movements	-	(1.3)	-	0.1	(1.2)
At 31 December 2021	**-**	**(79.0)**	**-**	**(9.3)**	**(88.3)**

Net book value at 31 December

€m	Land	Buildings and structures	Leasehold improvements	Other[1]	Total
2020	-	93.4	-	3.7	97.1
2021	**-**	**84.4**	**-**	**3.6**	**88.0**

[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 2020	**61.9**	**29.5**	**62.2**	**19.5**	**173.1**
Additions	-	-	-	5.8	5.8
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**
Additions	-	-	-	5.1	5.1
Business combinations	2.3	-	3.0	-	5.3
Foreign exchange movements	4.0	-	2.7	-	6.7
At 31 December 2021	**64.7**	**29.5**	**64.9**	**30.2**	**189.3**

Amortisation

€m	Goodwill	Brand name	Customer lists	Software	Total
At 1 January 2020	**-**	**-**	**(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)**
Charge for the period	-	-	(4.9)	(4.2)	(9.1)
Foreign exchange movements	-	-	(0.6)	-	(0.6)
At 31 December 2021	**-**	**-**	**(26.0)**	**(19.1)**	**(45.1)**

Net book value at 31 December

€m	Goodwill	Brand name	Customer lists	Software	Total
2020	58.4	29.5	38.7	10.2	136.8
2021	**64.7**	**29.5**	**38.9**	**11.1**	**144.2**

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% (2020: 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 2021 annual goodwill impairment testing process has resulted in no impairment (2020: nil).

The additional disclosures are as follows:

€m	2021	2020
Carrying amount	2,119.7	2,086.8
Discount rate applied to cash flow projections	4.7%	4.5%
Fair value	3,846.0	3,689.0
Headroom	1,726.3	1,602.2
Coverage	181%	177%

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	11.8%
Net cash flow	Reduction	44.1%
Discount rate	Increase	7.1%
Long term growth rate	Reduction	2.4%

Impairment testing of brand name

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

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

The calculated fair value amounts to €205.0m, which represents a coverage of 695% compared to the carrying amount of €29.5m

20. Financial assets

€m	2021	2020
Loan receivables at amortised costs		
At 1 January	-	-
Additions	50.0	-
Repayment	-	-
At 31 December	50.0	-
Interest receivables		
At 1 January	-	-
Income	0.4	-
Received	(0.2)	-
At 31 December	0.2	-
Total	50.2	-
Current	0.2	-
Non-current	50.0	-

Financial assets are presented by a loan given to a related party, refer to note 32 for more details.

21. Deferred tax

Deferred tax assets and liabilities at December 31 consist of:

€m	DTA 2021	DTL 2021	DTA 2020	DTL 2020
Fleet	23.7	(77.4)	23.6	(69.3)
Intangibles	1.2	(17.4)	0.9	(16.8)
PP&E	-	(27.1)	-	(24.5)
Trade and other receivables and payables	3.3	-	2.8	(1.2)
Borrowings	32.9	-	32.2	-
Net operating losses	14.7	-	17.3	-
Deferred tax before provisions	**75.8**	**(121.9)**	**76.8**	**(111.8)**
Provisions on net operating losses and tax credits	(8.2)	-	(14.3)	-
Provisions on other temporary differences	(21.4)	-	(22.5)	-
Provisions on deferred tax assets	**(29.6)**	**-**	**(36.8)**	**-**
Deferred tax after provisions	**46.2**	**(121.9)**	**40.0**	**(111.8)**
Allowable offset against deferred tax liabilities	(37.7)	37.7	(35.9)	35.9
Net deferred tax assets	**8.5**	**(84.2)**	**4.1**	**(75.9)**

21.1 Net deferred tax

Movements are as follows:

€m	Note	2021	2020
At 1 January		**(71.8)**	**(83.6)**
Tax rate changes	15.1	(1.4)	(1.7)
Deferred taxation for the period	15.1	5.1	7.6
Adjustment to prior periods	15.1	0.6	(0.6)
Business combinations		(1.6)	-
Foreign exchange movement		(4.9)	4.1
OCI Cash flow hedge	15.2	(1.7)	2.4
At 31 December		**(75.7)**	**(71.8)**

Tax management

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

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

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

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

22. Inventories

€m	Note	2021	2020
Fleet held for sale			
At 1 January		**2.4**	**3.1**
Additions	17	6.1	11.5
Disposals		(7.9)	(12.2)
At 31 December		**0.6**	**2.4**
Buy to sell			
At 1 January		**3.0**	**3.8**
Additions		13.3	7.0
Disposals		(12.7)	(7.8)
At 31 December		**3.6**	**3.0**
Parts			
At 1 January		**11.7**	**13.3**
Additions		24.6	17.5
Business combinations	7	0.3	-
Used		(23.2)	(19.1)
At 31 December		**13.4**	**11.7**
Fleet work in progress			
At 1 January		**1.7**	**12.6**
Additions		3.6	1.7
Moved to Buy to sell		(0.2)	(1.4)
Moved to fleet		(4.9)	(11.2)
Moved to PP&E		(0.2)	-
At 31 December		**-**	**1.7**
Total		**17.6**	**18.8**

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.

23. Trade and other receivables

€m	Note	2021	2020
Trade receivables		129.8	119.7
Allowance for expected credit losses	23.1	(9.7)	(7.8)
Non-impaired trade receivables		**120.1**	**111.9**
VAT receivables		50.8	27.8
Prepayments		19.1	7.2
Unbilled revenue		10.0	5.8
Other		5.3	2.5
Total		**205.3**	**155.2**

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

Trade receivables and credit risk policies

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

23.1 Allowance for expected credit losses on trade receivables

€m	Individually impaired	Collectively impaired	Total
At 1 January 2020	**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**
Charge for the period	2.7	0.2	2.9
Trade receivables written off	(1.0)	-	(1.0)
At 31 December 2021	7.9	1.8	9.7

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

Ageing analysis

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

			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
2021	**120.1**	**97.4**	**18.1**	**2.5**	**1.8**	**0.3**	**-**
2020	111.9	87.5	18.8	2.1	1.1	0.6	1.8

24. Cash and equivalents

€m	2021	2020
Cash at banks and on hand	15.6	13.2
Restricted cash	-	0.2
Total	15.6	13.4

25. Borrowings

2021 €m	RCF	ABS	FLB	TL	Total
At 1 January	**959.6**	**74.7**	**183.3**	**275.2**	**1,492.8**
Drawdowns	193.6	73.8	17.4	150.0	434.8
Business combinations	-	-	19.0	-	19.0
Repayments	(227.1)	(109.2)	(44.9)	(0.1)	(381.3)
Gross face value at 31 December	**926.1**	**39.3**	**174.8**	**425.1**	**1,565.3**
Foreign exchange movements	27.0	1.3	7.8	(0.1)	36.0
Gross value after foreign exchange	**953.1**	**40.6**	**182.6**	**425.0**	**1,601.3**
Accrued interest/commitment fees	3.4	-	-	-	3.4
Deferred fees	(14.3)	(8.3)	-	-	(22.6)
Total at 31 December	**942.2**	**32.3**	**182.6**	**425.0**	**1,582.1**
Current	3.4	-	41.8	-	45.2
Non-current	938.8	32.3	140.8	425.0	1,536.9

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 31 December	**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 at 31 December	**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

25.1 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. On 29 July 2021, the Group signed an agreement to refinance the existing loan facility whereby extending the maturity till December 2025 and increasing the facility by €46.0m with the existing banks in the consortium, using the accordion feature, totaling to €1,197.0m.

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

The interest rate spread varies quarterly based on the ratio of loan outstanding compared with certain loan collateral ("loan to value") between 1.5% and 2.1%. There is a 0% RFR floor applicable to the facility. During 2021, the Group paid an average spread of 1.88% (2020: 1.88%).

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 33.

On 22 November 2019 TIP entered the institutional private placement term loan market for the first time via the accordion clause in the agreement, raising €274.5m in term loans from five funders, as part of the acquisition of PEMA. The Group successfully increased the term loan by €150.0m on 3 August 2021, as part of the refinancing strategy, with the existing private placement term loan institutions. The remaining accordion is €196.0m 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, including financial covenants. The interest rate of this term loan is 2.4% and facility matures in November 2026.

Asset-backed securitisation facility (ABS)

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

The existing committed senior facility is €200.0m and due to expire in December 2023. The Group intends to extend the facility beyond 2023.

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 5.2% (2020: 4.7%).

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:

2021 €m	Total future minimum lease payments	Outstanding interest	Present value of minimal payments (principal amount)
Less than 1 year	48.5	6.5	42.0
Between 1 and 5 years	130.0	13.4	116.6
More than 5 years	28.0	4.0	24.0
Total	206.5	23.9	182.6

2020 €m	Total future minimum lease payments	Outstanding interest	Present value of minimal 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

26. 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 uses 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 35.3. Such derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair value are 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 recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

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

Below is an analysis of the changes in fair value recognized in profit or loss, or OCI:

€m	Note	2021	2020
Recognised in profit or loss	26.1	0.3	0.6
Recognised in the OCI	26.2	2.3	10.5
Total		2.6	11.1
Current		2.6	3.7
Non-current		-	7.4

Revolving credit facility (RCF)

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

Asset-backed securitisation (ABS)

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

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

€m	2021	2020
Interest rate swap	0.3	0.6
Total	0.3	0.6
Current	0.3	0.4
Non-current	-	0.2

The movement of the interest rate swaps was as follows:

€m	2021	2020
At 1 January	0.6	0.7
Reclass to derivatives at fair value through the profit or loss from OCI	-	-
Movement in fair value through profit or loss	(0.3)	(0.1)
At 31 December	0.3	0.6

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

2021 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	0.1	-	(0.1)	-	-
Outflows	(0.5)	0.1	0.1	-	(0.3)
Net	(0.4)	0.1	-	-	(0.3)

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)

26.2 Derivatives with changes in fair value recognised in OCI

€m	2021	2020
At 1 January	10.5	0.6
Fair value during period	(8.2)	9.9
Reclass to derivatives at fair value through the profit or loss	-	-
At 31 December	2.3	10.5
Current	2.3	3.4
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:

2021 €m	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Inflows	0.1	2.8	9.6	-	12.5
Outflows	(0.2)	(5.5)	(9.1)	-	(14.8)
Net	(0.1)	(2.7)	0.5	-	(2.3)

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)

27. Provisions

€m	Restructuring	Other	Total
At 1 January 2020	-	1.0	1.0
Charge for the period 21	0.7	0.6	1.3
Utilised	(0.3)	(0.7)	(1.0)
At 31 December 2020	0.4	0.9	1.3
Charge for the period 21	0.8	0.1	0.9
Utilised	(0.4)	(0.9)	(1.3)
At 31 December 2021	0.8	0.1	0.9
Current	0.8	-	0.8
Non-current	-	0.1	0.1

28. Trade and other payables

€m	Note	2021	2020
Accruals	28.1	65.9	69.7
Other creditors	28.2	62.5	40.1
Deferred revenue	28.3	32.1	28.7
Trade payables		53.1	23.8
Security deposits		11.9	11.0
Fleet payables		9.3	5.4
Cube Transportation Europe Coöperatief	32	0.2	0.6
Total		235.0	179.3
Current		207.9	153.7
Non-current		27.1	25.6

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

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

28.1 Accruals

Accruals are comprised as follows:

€m	2021	2020
Compensation and benefits	18.9	19.8
Administrative and other operating expenses	18.8	18.5
M&R own fleet	13.7	19.2
Insurance	4.1	2.8
Property dilapidations	1.6	1.5
Deferred fleet sales proceeds	0.6	0.3
Other	8.2	7.6
Total	65.9	69.7

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.

28.2 Other creditors

€m	2021	2020
VAT payable	52.3	31.0
Net payroll liability	3.8	3.2
Wages tax and social security	3.2	3.0
Prepaid fleet sales	2.3	2.6
Other payables	0.9	0.3
Total	62.5	40.1

28.3 Deferred revenue

Deferred revenue is comprised as follows:

€m	2021	2020
Maintenance leasing	27.0	25.5
Leasing and rental advance billing	4.8	2.9
M&R 3rd party	0.3	0.3
Total	32.1	28.7
Current	5.0	3.1
Non-current	27.1	25.6

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

29. 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.

30. Equity

30.1 Share capital

€	2021	2020
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

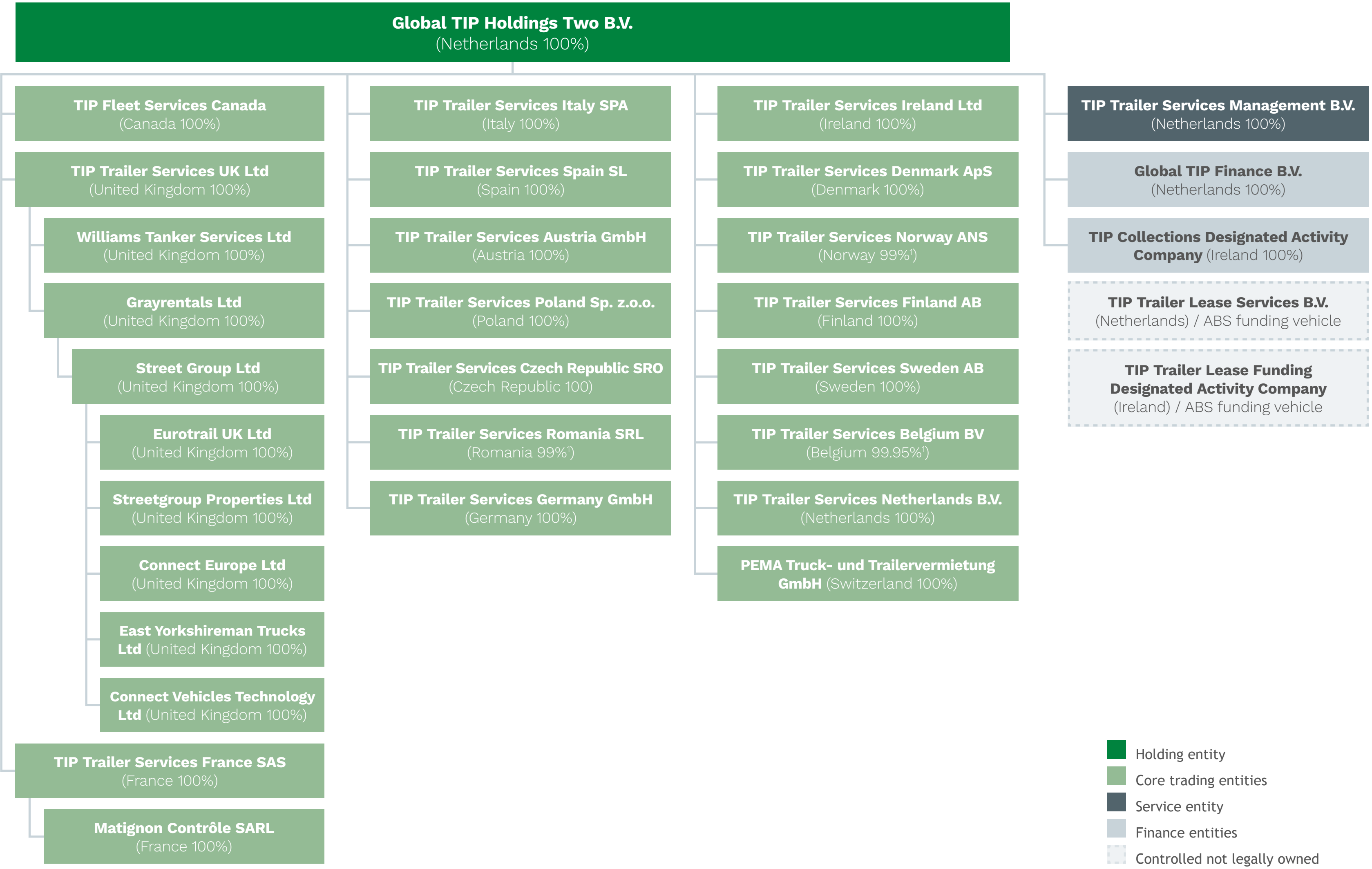
30.2 Dividends

During 2021 Global TIP Holdings Two B.V. distributed to its shareholder (Cube Transportation Europe Coöperatief UA) dividend of €10.5m as an appropriation of profit for the period ended 31 December 2020 and additional €70.6m as an appropriation of the retained earnings from previous periods.

30.3 Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Total
At 1 January 2020		(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)
Movement for the period		15.8	8.2	24.0
Tax impact	15.2	-	(1.7)	(1.7)
At 31 December 2021		(4.3)	(1.7)	(6.0)

31. Group information



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

32. Related party disclosures

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

€m Lender/supplier	Borrower/debtor	2021	2020
Current period transactions			
Global TIP Holdings Two B.V.	Cube Transportation Europe Coöperatief	1.7	4.1
Other revenue		**1.7**	**4.1**
Global TIP Finance B.V.	Cube Transportation Europe Coöperatief	0.5	-
Finance income		**0.5**	**-**
Total		**2.2**	**4.1**
Dividends paid			
Global TIP Holdings Two B.V.	Cube Transportation Europe Coöperatief	(81.1)	(12.4)
Total		**(81.1)**	**(12.4)**
Outstanding balances			
Global TIP Finance B.V.	Cube Transportation Europe Coöperatief	50.2	-
Financial assets		**50.2**	**-**
Cube Transportation Europe Coöperatief	Global TIP Finance B.V.	(0.2)	(0.6)
Trade and other payables		**(0.2)**	**(0.6)**
Total		**50.0**	**(0.6)**

Financial assets relate to an arm's length loan of €50.0m granted to Cube Transportation Europe Coöperatief U.A. The loan has floating interest rate and is fully repayable on maturity date in June 2024. Payables to Cube Transportation Europe Coöperatief U.A. relates to management service fees.

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

b) Compensation of key management personnel of the Group:

€m	2021	2020
Salaries	6.3	4.8
Post-employment benefits	0.6	0.4
Total	**6.9**	**5.2**

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.

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.

33. Commitments and contingencies

a) Assets pledged as collateral

Under the Group's various borrowing facilities referred to in note 25 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	2021	2020
Fleet	1,626.2	1,556.1
PP&E	116.1	108.6
Non-current assets	1,742.3	1,664.7
Inventories	17.6	18.8
Unbilled revenue	10.1	5.5
Trade receivables	114.6	107.3
Cash and equivalents	4.4	10.2
Current assets	146.7	141.8
Total	1,889.0	1,806.5

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	2021	2020
Fleet	59.9	92.2
Non-current assets	59.9	92.2
Trade receivables	0.9	2.6
Cash and equivalents	11.2	2.8
Current assets	12.1	5.4
Total	72.0	97.6

Funding lease book (FLB)

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

€m	2021	2020
Fleet	97.4	95.3
PP&E	87.9	97.1
Non-current assets	185.3	192.4
Trade receivables	4.2	5.7
Current assets	4.2	5.7
Total	189.5	198.1

Term loan facilities (TL)

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

€m	2021	2020
PP&E	0.7	0.9
Non-current assets	0.7	0.9
Total	0.7	0.9

b) Capital commitments

€m	2021	2020
Fleet	201.9	73.8
PP&E	9.0	4.7
Total	210.9	78.5
Number of fleet units	4,319	2,088

c) Guarantees

The Group has provided the following guarantees:

€m	2021	2020
FLB	47.5	40.7
Total	47.5	40.7

All guarantees issued are in the ordinary course of business.

The expiration period of these guarantees are as follows:

€m	2021	2020
2021	-	3.6
2022	3.0	1.0
2023	10.9	8.4
2024	5.3	5.3
2025	1.1	1.1
2026+	27.2	21.3
Total	47.5	40.7

d) Legal claims

The Group had no material legal claims outstanding at 31 December 2021, nor at 31 December 2020.

34. 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
2022	379.6
2023	267.2
2024	182.6
2025	113.6
2026	68.2
2027+	117.6
As of 31 December 2021	1,128.8
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

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.

35. 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.

COVID19

On 11 March 2020 the WHO declared the COVID19 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 noticed 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 rates showed a decrease during the initial phase of the pandemic, but recovered in the course of 2021, before reaching and even exceeding its pre-COVID19 levels 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 monitored closely. The Group's cash position remained very strong, which ultimately enabled the Group to pay out a dividend of €81.1m to its shareholder in 2021.
- Strong cost control measures were implemented by the Group.

The Group will maintain preventative measures as long as the COVID19 situation requires it, and will continue to prioritise the health of our employees, customers and society first. Although our business performed very strong during 2021, we expect economic pressures to continue in 2022. As uncertainty decreases, we expect improved performance of our leasing business, as well as our maintenance and repair business.

35.1 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 25). 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:

2021 €m	Note	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest		9.7	28.3	116.0	4.0	158.0
Borrowings repayment	25	11.4	30.4	1,535.6	23.9	1,601.3
Derivatives	26	0.3	2.8	(0.5)	-	2.6
Trade and fleet payables		62.4	-	-	-	62.4
Total		83.8	61.5	1,651.1	27.9	1,824.3

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	25	86.8	30.6	1,073.7	301.7	1,492.8
Derivatives	26	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

35.2 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:

2021 €m	Note	Carrying amount	Fair value	Fair value measurement using: Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial assets	20	**50.2**	**50.2**	-	**50.2**	-
Borrowings	25	1,582.1	1,582.1	-	1,582.1	-
Derivatives	26	2.6	2.6	-	2.6	-
Total borrowings and derivatives		**1,634.9**	**1,634.9**	-	**1,634.9**	-
2020						
Financial assets	20	-	-	-	-	-
Borrowings	25	1,482.7	1,482.7	-	1,482.7	-
Derivatives	26	11.1	11.1	-	11.1	-
Total borrowings and derivatives		**1,493.8**	**1,493.8**	-	**1,493.8**	-

The Management assessed that the fair value of cash and short-term deposits, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts mostly due to the short maturities of these instruments.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. There were no transfers between Level 1 and Level 2 during 2021.

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 2021 and 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk, and the marked-to-market value of derivative liability positions is net of a debit valuation adjustment attributable to derivative entity's own credit risk. The changes in the credit risk of both counterparties and entity itself had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other instruments summarised at fair value.
- Fair values of the Group's borrowings are determined by using a DCF method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk is assessed to be stable between the date of entering into the contract and the reporting date.

- Fair values of the Group's financial assets are determined by using a DCF method with a discount rate that reflects the counterparty risk as at the end of the reporting period.

35.3 Market, interest and foreign currency objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Management oversees the management of these risks. The Management is supported by the Treasury team who advises on financial risks and the appropriate financial risk governance framework for the Group. All derivative activities for risk management purposes are carried out by a specialist team that has the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, and derivative financial instruments. Market risk consists of interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates (primarily Euribor/SONIA) relates mainly to the Group's long-term borrowing obligations with floating interest rates.

To manage this exposure, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge underlying borrowing obligations. Please refer to note 26. 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:

2021 €m		Change in rate	Effect on profit before taks	Effect on OCI
RCF	Interest rate swaps	-0.25%	-	2.9
		0.25%	-	(3.1)
ABS	Interest rate	-0.25%	0.1	-
		0.25%	(0.1)	-

2020 €m		Change in rate	Effect on profit before tax	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)	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value, or future cash flows, of a financial instrument, will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the centrally managed borrowings in currencies other than the functional currency, the Group's operating activities (predominantly fleet purchases and sales at subsidiary level denominated in a different currency from the subsidiary's functional currency) and the Group's net investments in foreign subsidiaries.

Under the revolving credit and ABS facilities currently in place, the Group borrows in £, CA$, SEK, NOK, PLN, CHF and DKK to naturally hedge internal loans in those currencies.

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	2021	2020
£	+5%	0.4	0.1
CA$	+5%	0.1	(0.1)

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

Net assets after borrowings by currency	2021	2020
€	27%	32%
£	14%	18%
CA$	26%	26%
DKK	11%	8%
Others	22%	16%
	100%	100%

The Group does not hedge its intergroup net assets/investments after borrowings in non-reporting currency. In 2021 38% (2020: 40%) 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.

35.4 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.

Financial assets

Financial assets, which potentially expose the Group to credit risk, amount to €50.0m and relate to receivables from the parent company. While the Group may be subject to losses up to the contract value of the financial assets in the event of non-performance by its counterparts, it does not expect such losses to occur. No collateral is required by the Group to support financial assets subject to credit risk.

Credit risk is managed by the Group in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group on an annual basis, and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As per 31 December 2021, there is no indication that the loans given by the Group will not be received.

Trade receivables

The Risk team manages customer credit risk in each regional business unit subject to the Group's established policy, procedures and controls relating to customer's credit risk management.The credit quality of a customer is assessed to define credit limits based on internal and external credit ratings that take into account financial health and payment history.

The Chief Financial Officer and the Credit Risk Director of the Group delegate credit authorities to regional Finance Directors and Risk teams. Each regional Finance Director ensures that they consistently and adequately apply the policy for performing annual reviews on customer accounts. The risk should be appropriate to the level of exposure and risk assessment of the customer and include the maintenance of clear underwriting records identifying the rationale for agreeing to each credit line level.

The Group uses customer's financial statements and other information (industry risk, business position perspective and other internal risks analyses) in assessing a customer's risk level. The key internal risk analyses include but are not limited to:

- Cash flow coverage analysis
- A standardised credit rating based on the financial information of the customer
- The most current data from local credit bureaus
- The customer Risk Class is updated monthly based on analysis of historical quality of customer payments to TIP.

All customers are monitored weekly by the Finance and Risk team and information about major overdue accounts is provided to the Management on a monthly basis.

A customer is moved to the status of the doubtful account when there is doubt of the future capacity of that customer or customer group to fulfil its payment obligations. For customers placed on the status of the doubtful account with an exposure exceeding a threshold (€0.5m), regional Finance Directors review all relevant risks and take appropriate actions to ensure any potential loss is mitigated. The evaluation may include but is not limited to, a summary of updated company financial information and projections, current contractual arrangements, analysis of the gap between net book value and fair value of an asset, site visits and review of an exit strategy if the asset is retrieved. The payment profile of these customers is closely monitored.

A customer who has filed for administration or bankruptcy, or has had legal action instigated due to overdue payments is classified as a doubtful account. All maintenance, services and other sundry offerings are stopped from the date of the classification as a doubtful account. The regional Finance Directors develop a plan to recover outstanding amounts and to retrieve any equipment. The Chief Financial Officer and the Credit Risk Director review and approve this plan.

When a customer is moved to the doubtful accounts, the existing trade receivables are impaired to profit or loss. For the non-doubtful accounts, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group writes-off the doubtful receivables, if:

- The Group receives information that customer does not have any assets to perform enforcement proceedings,
- The enforcement proceedings were discontinued,
- The probability to recover debt is remote and further collection costs are likely to be higher than the debt itself,
- Customer is bankrupt/insolvent and the Group's claim was registered.

Excessive risk concentration

Concentrations arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group considers concentration risk using two key measures:
- Percentage of customers owing more than €0.25m and €1.0m
- Concentration in different credit rating classes.

The summary of outstanding customers owing more than €0.25m and €1.0m is as follows:

	No. of customers owing >€0.25m	% of the non-impaired trade receivables	No. of customers owing >€1m	% of the non-impaired trade receivables
2021	75	70%	16	40%
2020	72	67%	15	36%

36. Events after the reporting period

On 17 January 2022, the Group acquired Nextrailer Rent S.L. from Guillén Group. Nextrailer Rent is a Spanish company, adding approximately 900 vehicles to the TIP fleet. TIP management intends to integrate the assets into its existing Spanish business in the course of 2022.

Company financial statements

Global TIP Holdings Two B.V.

Financial statements for the period ended 31 December 2021

(company registration no. 58146369)

Statement of profit or loss

for the period ended 31 December

€m	Note	2021	2020
Revenue	I	-	2.5
Gross profit			**2.5**
Administrative and other operating expenses	II	(0.1)	-
Operating profit		**(0.1)**	**2.5**
Finance cost	III	(8.4)	(7.7)
Profit before taxes		**(8.5)**	**(5.2)**
Taxation	IV	1.8	1.4
Net profit from subsidiaries	V	55.4	24.9
Net profit		**48.7**	**21.1**

Balance sheet
at the period ended 31 December

€m	Note	2021	2020
Financial assets	V	891.9	893.3
Non-current assets		**891.9**	**893.3**
Current tax assets	VI	1.9	1.6
Current assets		**1.9**	**1.6**
Total assets		**893.8**	**894.9**
Borrowings	VII	354.3	363.6
Non-current liabilities		**354.3**	**363.6**
Borrowings	VII	21.9	3.2
Trade and other payables	VIII	-	0.4
Current liabilities		**21.9**	**3.6**
Total liabilities		**376.2**	**367.2**
Net assets		**517.6**	**527.7**

€m		2021	2020
Share capital	IX	-	-
Share premium		432.1	432.1
Retained earnings	IX	80.4	113.6
Other reserves	IX	5.1	(18.0)
Equity		**517.6**	**527.7**

Statement of changes in equity
for the period ended 31 December

€m	Note	Share capital	Share premium	Retained earnings	Other reserves	Equity
At 1 January 2020		**-**	**432.1**	**108.0**	**0.7**	**540.8**
Net profit		-	-	21.1	-	21.1
Movement for the period		-	-	-	(21.8)	(21.8)
Dividend	IX	-	-	(12.4)	-	(12.4)
Total comprehensive income		**-**	**-**	**8.7**	**(21.8)**	**(13.1)**
Reclass	IX	-	-	(3.1)	3.1	-
At 31 December 2020		**-**	**432.1**	**113.6**	**(18.0)**	**527.7**
Net profit		-	-	48.7	-	48.7
Movement for the period		-	-	-	22.3	22.3
Dividend	IX	-	-	(81.1)	-	(81.1)
Total comprehensive income		**-**	**-**	**(32.4)**	**22.3**	**(10.1)**
Reclass	IX	-	-	(0.8)	0.8	-
At 31 December 2021		**-**	**432.1**	**80.4**	**5.1**	**517.6**

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	2021	2020
Other	-	2.5
Total	-	2.5

II. Administrative and other operating expenses

€m	2021	2020
Other expenses	0.1	-
Total	0.1	-

Audit and accounting advisor fees

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

III. Finance cost

€m	2021	2020
Interest	8.6	8.1
Foreign exchange movement	(0.2)	(0.4)
Total	8.4	7.7

IV. Taxation

The Company is part of the Dutch tax group for corporate tax purposes with Cube Transportation Europe Coöperatief U.A. as head of the tax group.
The TIP entities Global TIP Finance B.V., TIP Trailer Services Netherlands B.V. and TIP Trailer Services Management B.V. are also part of the Dutch tax group.
The Company is jointly and severally liable for all corporation tax liabilities resulting from the Dutch tax group in relation to the Dutch tax authorities.
The current corporate tax benefit for 2021 is €1.8m (2020: €1.4m). 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	2021	2020
Investments in subsidiaries		
At 1 January	893.3	839.5
Capital increase in subsidiaries	1.8	67.2
Cash flow hedge (net of taxation)	6.5	(7.8)
Foreign exchange movements	15.3	(14.0)
Net profit from subsidiaries	55.4	24.9
Dividend contribution	(80.4)	(16.5)
At 31 December	891.9	893.3
Total	891.9	893.3

VI. Current tax

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

Current tax assets movements are as follow:

€m	2021	2020
At 1 January	1.6	3.5
Current tax charge for the period	1.8	1.4
Settlement of tax losses with tax group	(1.5)	(3.3)
At 31 December	1.9	1.6

VII. Borrowings

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

€m	2021	2020
Borrowing 1	354.3	363.6
Borrowing 2	21.9	3.2
Total	376.2	366.8
Current	21.9	3.2
Non-current	354.3	363.6

Borrowing 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.

Borrowing 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	2021	2020
Other	-	0.4
Total	-	0.4
Current	-	0.4
Non-current	-	-

IX. Equity

a) Issued capital

€	2021	2020
Authorised shares		
Ordinary shares 1,000 of €0.01 each		
Ordinary shares issued and fully paid	10.0	10.0
At 1 January and 31 December	10.0	10.0

b) Retained earnings

€m	2021	2020
At 1 January	113.6	108.0
Net profit for the period	48.7	21.1
Dividend	(81.1)	(12.4)
Reclass - Internal software reserve	(0.8)	(3.1)
At 31 December	80.4	113.6

During 2021 Global TIP Holdings Two B.V. distributed to its shareholder (Cube Transportation Europe Coöperatief U.A.) dividend of €10.5m as an appropriation of profit for the period ending ended 31 December 2020 and additional €70.6m as an appropriation of the retained earnings from previous periods.

c) Other reserves

€m	Note	Foreign currency translation	Cash flow hedge	Internal software reserve	Total
At 1 January 2020		**(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)**
Movement for the period		15.8	8.2	-	24.0
Taxation	15.2	-	(1.7)	-	(1.7)
Reclass from/(to) retained earnings		-	-	0.8	0.8
At 31 December 2021		**(4.3)**	**(1.7)**	**11.1**	**5.1**

All other reserves are legal reserves and are non-distributable by the Company pursuant to the provisions of Part 9, Book 2, of the Dutch Civil Code. There are no statutory reserves prescribed in the Articles of Association of the Company. The internally software reserve relates to attributable internal working hours to generate this software.

In anticipation of the annual general meeting of shareholders adopting the annual financial statements, it is proposed that the 2021 net profit, amounting to €48.7m, will be added to the retained earnings. The proposed profit appropriation has not been recognised in the balance sheet as of 31 December 2021.

X. Other

Compensation of key management personnel of the Company

The Company had no employees during 2021 and paid neither salaries nor directors' emoluments.

Financial risk management

Management's approach is covered in the consolidated financial statements (refer to note 35).

Events after the reporting period

In addition to the events covered in the consolidated financial statements (refer to note 36), on 3 March 2022 the Company increased the share capital and share premium of its subsidiary, TIP Trailer Services Spain SL, by €12.1m.

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

Amsterdam, 23 March 2022

Represented by

Arjen Kraaij
Director

Hiske Damhuis
Director

Bob Fast
Director

Hans van Lierop
Director

Other information

Profit appropriation pursuant to the articles of association

In accordance with Articles 11.1 and 11.2 of the Articles of Association of the Company, the profit 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 2021

included in the annual report

Our opinion

We have audited the financial statements 2021 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 2021 and of its result and its cash flows for 2021 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 statement of financial position as at 31 December 2021
- The following statements for 2021: 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 COVID19 measures. These challenges 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, 23 March 2022

Ernst & Young Accountants LLP

Signed by W. Smit

Additional information

In this section


TIP

Corporate information

Registered office:

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

Advisors and contacts

Auditor:
Cross Towers
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:
Gerard Berghuis
Chief Legal Officer and Company Secretary
gerard.berghuis@tipeurope.com

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

Vasilis Patselis
Investor Relations Associate
vasilis.patselis@tipeurope.com

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Main banking partners

Rabobank, ABN·AMRO, ING, Deutsche Bank, COMMERZBANK, HSBC, Bank of China, UniCredit, NIBC, KBC, China Construction Bank, Danske Bank

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, CAPITOLE FINANCE - TOFINSO, LLOYDS BANK, MAN FINANCIAL SERVICES, PACCAR, Santander, TARGO BANK, trademark FINANCE, Transics, VOLVO Financial Services

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.

Fifteen-year financial summary

€m	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016[1]	2017	2018	2019	2020	2021
Profit or loss															
Revenue	**503**	**502**	**401**	**398**	**375**	**351**	**323**	**326**	**372**	**441**	**517**	**565**	**626**	**914**	**955**
Contribution	305	320	238	222	219	194	159	160	175	216	268	294	327	500	536
Operating expenses	(85)	(80)	(66)	(57)	(55)	(53)	(48)	(61)	(65)	(72)	(76)	(75)	(84)	(107)	(106)
EBITDA	**220**	**240**	**172**	**165**	**164**	**141**	**111**	**99**	**110**	**144**	**192**	**219**	**243**	**393**	**430**
Operating profit/(loss)	**29**	**36**	**(24)**	**1**	**22**	**20**	**16**	**57**	**40**	**41**	**53**	**60**	**53**	**87**	**118**
Balance sheet															
Net operating assets	**1,338**	**1,333**	**1,104**	**861**	**686**	**563**	**359**	**464**	**649**	**889**	**971**	**1,123**	**1,973**	**1,872**	**1,892**
Net borrowings	-	-	-	-	-	-	232	258	449	667	742	883	1,591	1,480	1,586
Equity	-	-	-	-	-	-	208	519	544	552	573	304	541	528	518
Cash flow															
Fleet investment	396	285	38	21	14	19	37	137	195	276	237	272	251	265	301
Acquisitions	-	-	-	-	-	-	-	17	44	149	9	67	865	-	11
Other investment	5	5	7	9	5	6	6	28	38	29	18	24	31	30	14
Fleet sales	(77)	(57)	(47)	(61)	(43)	(35)	(28)	(27)	(28)	(36)	(45)	(35)	(40)	(85)	(65)
Net investment	**324**	**233**	**(2)**	**(31)**	**(24)**	**(10)**	**15**	**155**	**249**	**418**	**219**	**328**	**1,107**	**210**	**261**
Metrics:															
Operational															
ADR in €	15.4	15.6	15.2	15.6	16.5	17.1	16.8	17.1	18.1	16.5	16.3	17.0	18.3	19.2	19.7
UTE	91%	87%	74%	82%	91%	86%	84%	82%	84%	86%	89%	91%	91%	87%	93%
Opex % of revenue	17%	16%	16%	14%	15%	15%	15%	19%	18%	16%	15%	13%	13%	12%	11%
Profitability %															
Contribution	61%	64%	59%	56%	59%	55%	49%	49%	47%	49%	52%	52%	52%	55%	56%
EBITDA	44%	48%	43%	41%	44%	40%	34%	30%	30%	33%	37%	39%	39%	43%	45%
Operating profit	6%	7%	(6%)	-	6%	6%	5%	18%	11%	9%	10%	11%	8%	10%	12%
Asset returns															
RoIC	2.1%	2.7%	(1.9%)	0.1%	2.9%	3.3%	3.6%	13.9%	7.2%	5.3%	5.6%	5.8%	3.4%[2]	4.5%	6.2%
Capital efficiency	16%	18%	14%	17%	21%	23%	24%	24%	20%	19%	21%	21%	16%[3]	20%	23%
Financing															
Net leverage ratio	-	-	-	-	-	-	64%	56%	69%	75%	76%	79%	81%	79%	84%
Gearing ratio	-	-	-	-	-	-	53%	33%	45%	55%	56%	74%	75%	74%	75%
Net borrowings/EBITDA	-	-	-	-	-	-	2.1x	2.6x	4.1x	4.6x	3.9x	4.0x	6.5x[4]	3.8x	3.7x

[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 s hareholder of Global TIP Holdings Two B.V.

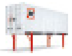
Cube Transportation Board
Refers to the Cube Transportation Supervisory Board and Management Board

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
eLCV		Electric light commercial vehicle	Electric light commercial vehicle

GE Equipment Services

Was a multi-product commercial transportation and construction equipment leasing and rental division of General Electric (GE). GE Equipment Services contained various trading divisions including TIP, GE Rail Services, GE Key Lease, GE Modular Space, TLS Van Rental, GE Plant Hire and GE Fleet Services. TIP was owned by GE from 1993 until 2013

Gearing ratio

Net borrowings divided by equity plus net borrowings. This measure enables investors to assess the level of risk in the financial structure of our business

I Squared Capital

An independent global infrastructure investment manager, with over $33bn of assets under management, which focuses on the energy, utilities and transportation sectors in the Americas, Europe and Asia

Leasing backlog years

Refers to committed revenue at the end of the year divided by leasing revenue for that year

Management Board

Refers to the Management Board of the Shareholder

Mobile service unit (MSU)

Service van equipped with tools to undertake maintenance and repair when equipment breaks down on the road, or for scheduled and 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

Net leverage ratio

Net borrowings divided by net operating assets. This measure enables investors to assess the level of risk in the financial structure of our business

Net operating assets

Total assets after deducting cash, financial assets, intangibles and non-borrowings liabilities

Non-borrowings liabilities

Total liabilities after deducting borrowings and derivatives

One-time indemnification and recovery
In January 2017, an inactive distressed customer paid €9m for a combination of an indemnification for damages (€5m), fleet sales (€2m) and unpaid account receivables (€2m), which were provisioned in 2013. Over a number of years, the Group's legal and risk teams used various 'out of court' debt recognition processes and several land and property charges to successfully secure this payment. This transaction was recorded in the 2016 financials

Operating expenses (opex)
Refers to the sum of employee benefit expenses and other operating expenses. Refer to notes 10 and 11 of the financial statements

Operating profit
Refers, in the MD&A section, to the underlying operating profit, which is defined as operating profit as reported excluding exceptional items and amortisation of intangible assets

Return on Invested Capital (RoIC)
Operating profit divided by average net operating assets. We believe that RoIC is the key measure for any leasing, rental and services business through the economic cycle, and the best medium-term indicator of the strength of the business

Shareholder
Refers to Cube Transportation, our direct shareholder. Our ultimate shareholder is ISQ Global Infrastructure Fund II, a limited partnership managed by I Squared Capital

Strategic matters
Comprises, among other things, the reserve matter listed under the articles of association of the Shareholder

Supervisory Board
Refers to the Supervisory Board of the Shareholder

The Board
Refers to the Board of Directors of Global TIP Holdings Two B.V.

The Boards
Refers to the Supervisory Board, Management Board and the Board

Workshop
A physical location where maintenance and repair work is performed by mechanics, supported by a workshop manager and back office support. Work is performed on TIP's own equipment as well as on 3rd party assets. Sometimes located at the same site as a TIP branch

Definitions and descriptions of KPIs and fifteen-year financial summary
The following are key performance indicators not defined elsewhere in this annual report or where additional clarification may help the reader:

Revenue, operating profit and profitability KPIs
These are measured on an underlying basis

Other terms and abbreviations

ABS	Asset-backed securitisation
ADR	Average daily rate
AMLAT	Anti money laundering anti-terrorism
BI	Business Inteligence
COVID19	Coronavirus disease 2019
EAuM	Equivalent asset under management
EHS	Environmental health and safety
EMT	Executive Management Team
ESG	Encrionmental, Social, Governance
EY	Ernst & Young Accountants LLP
FLB	Funding lease book
GDPR	General Data Protection Regulation
IFRS	International Financial Reporting Standards
IT	Information technology
KPI	Key performance indicator
KYC	Know your customer
Leasing	Term of lease is greater than one year
M&R	Maintenance and repair
PP&E	Property, plant and equipment
RCF	Revolving credit facility
Rental	Term of lease is one year or less
SLT	Senior Leadership Team
TIP	Trading name of Global TIP Holdings Two B.V. and subsidiaries
TL	Term loan
UTE	Utilisation
VP	Vice President


TIP

Acknowledgements

Published by
Global TIP Holdings Two B.V.
Alpha Tower
De Entree 33
1101 BH Amsterdam Zuidoost
The Netherlands

Concept & layout
DartGroup, Amsterdam

Photography & images
Rene van der Hulst
TIP

Illustration
DartGroup, Amsterdam

Editor
Kōan, Amsterdam

TIP provides a wide variety of products and services for transportation and logistics customers through its 132 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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