Ashtead Technology

Admission Document

November 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent professional adviser.

Application has been made for the entire issued and to be issued ordinary share capital of the Company, to be admitted to trading on AIM, a market operated by the London Stock Exchange plc. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence on 23 November 2021. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies published by London Stock Exchange plc (the "AIM Rules"), to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the FCA nor the London Stock Exchange plc have examined or approved the contents of this document.

The AIM Rules are less demanding than those which apply to companies whose shares are listed on the Official List. It is emphasised that no application is being made for admission to the Official List or any other recognised investment exchange.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company is speculative and involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

This document, which is drawn up as an admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued ordinary share capital of the Company. This document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this document does not constitute a prospectus for the purposes of FSMA and the Prospectus Regulation Rules and has not been pre-approved by the Financial Conduct Authority ("**FCA**") pursuant to section 85 of FSMA. A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.ashtead-technology.com. Copies of this document will also be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Numis Securities Ltd ("**Numis**"), 45 Gresham Street, London, EC2V 7BF, from the date of this document until one month from the date of Admission in accordance with the AIM Rules.

Ashtead Technology Holdings plc

(a company incorporated in England and Wales under the Companies Act 2006 with company number 13424040)

Placing of 31,832,800 Ordinary Shares at 162 pence per Ordinary Share

and

Admission to trading on AIM

Numis

Nominated Adviser and Sole Bookrunner

Expected ordinary share capital immediately following Admission

Number	*Issued and fully paid*	*Amount £*
79,582,000	ordinary shares of £0.05 each	3,979,100

The Directors, whose names appear on page 8 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such document.

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 23 November 2021 (or such later date as the Company and Numis may agree, being not later than 7 December 2021). The Placing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Ordinary Shares after Admission. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the official list of the FCA or to any other recognised investment exchange.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and sole bookrunner to the Company in connection with the proposed admission of the Ordinary Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Numis or any of its affiliates as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Numis will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Numis or for providing advice in relation to the contents of this document or any other matter. Numis has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Numis for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, Canada, Australia, Japan, Hong Kong or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, Canada, Australia, Japan, Hong Kong or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been, and will not be, registered under the securities legislation of any province or territory of Canada, Australia, Japan, Hong Kong or the Republic of South Africa and they may not be offered or sold, directly or indirectly, subject to certain exceptions, within Canada, Australia, Japan, Hong Kong or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of Canada, Australia, Japan, Hong Kong or the Republic of South Africa.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), nor under the securities laws of any state or other jurisdiction of the United States. The Ordinary Shares are being offered outside the United States in "offshore transactions" within the meaning of and in accordance with Regulation S ("**Regulation S**") under the Securities Act. The Ordinary Shares may also be offered or sold, directly or indirectly, within, into or in the United States only to "**qualified institutional buyers**", as defined in and in reliance upon the exemption from securities registration provided by Rule 144A, Section 4(a)(2) of the Securities Act or another exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction. Accordingly, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into the United States, except to qualified institutional buyers. There will be no public offer of the Ordinary Shares in the United States or any other jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Ordinary Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the "FIEL") and disclosure under the FIEL has not been, and will not be, made with respect to the Ordinary Shares. Neither the Ordinary Shares nor any interest therein may be offered, sold, resold, or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organised under the laws of Japan.

The distribution of this document outside the UK may be restricted by law. No action has been taken by the Company or Numis that would permit a public offer of shares in any jurisdiction outside the UK or possession of this document where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website ww.ashtead-technology.com.

Important Information

Prospective investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, or Numis. No representation or warranty, express or implied, is made by Numis as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Numis as to the past, present or future. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary admission document pursuant to the AIM Rules, neither the delivery of this document nor any subscription or sale made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

The Company will update the information provided in this document by means of a supplement to it if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this document. Any supplementary admission document will be made public in accordance with the AIM Rules.

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Investing in and holding the Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, investors should carefully consider all of the information contained in this document, paying particular attention to the Risk Factors in Part II of this document. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their personal circumstances.

In connection with the Placing, Numis and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Numis and any of its respective affiliates acting as investors for their own accounts. In addition, Numis or its affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which Numis (or its affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Numis and its affiliates may have in the past engaged, and may in the future, from time to time, engage in transactions with, and provided various investment banking, financial advisory and other ancillary activities in the ordinary course of their business to, the Company, the Selling Shareholders and their respective affiliates, in respect of which they have received, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interest that may not be aligned, or could possibly conflict, with the interests of investors.

In the ordinary course of their various business activities, Numis and its affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, the Selling Shareholders and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

Forward-Looking Statements

This document includes forward-looking statements. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Company's future prospects, developments and business strategies.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are contained in all sections of this document. The forward-looking statements in this document, including statements concerning projections of the Company's future results, operating profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to the Company are specifically described in Part II "Risk Factors". If one or more of these risks or uncertainties arises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these uncertainties, prospective investors should not place reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this Document. The Company undertakes no obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or applicable law, whether as a result of new information, future events or otherwise.

Presentation of financial information

The Company was recently incorporated for the purposes of Admission and, as at the date of this document, has no historical operations of its own. Therefore, this document does not present any standalone, unconsolidated financial information for the Company.

The Group was formed following the implementation of a Reorganisation Agreement which introduced the Company as the holding company of the HFI Group. The largest parent undertaking into which the financial statements of companies forming the HFI Group have historically been consolidated reported under UK Generally Accepted Accounting Practices ("**UK GAAP**"). Combined financial information has been prepared under International Accounting Standards as adopted by the United Kingdom ("**IFRS**") and as described in note 1 of Section B of Part III of this document for the first time for the purpose of presentation in this document. An explanation of the changes to the HFI Group's combined financial information on transition from UK GAAP to IFRS is presented in note 29 of Section B of Part III of this document.

Certain non-IFRS measures such as EBITDA (earnings before interest, tax, depreciation and amortisation), Adjusted EBITDA (EBITDA adjusted for items not considered part of underlying trading including share based payments and foreign exchange gains and losses) EBITA (being EBITDA less depreciation) and Adjusted EBITA (being Adjusted EBITDA less depreciation) have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the HFI Group's performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or to other measures of performance under IFRS. In addition, the Company's calculation of EBITDA, Adjusted EBITDA, EBITA and adjusted EBITA may be different from the calculation used by other companies and therefore comparability may be limited.

Unless otherwise indicated, the financial information of the Group included in this document has been prepared as described in note 1 of Section B of Part III of this document.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Presentation of market, economic and industry data

This document contains information regarding the Group's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications published or conducted by Rystad Energy, an independent energy research and business intelligence company providing data, tools, analytics and consultancy services.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document, and prospective investors should not rely on such information, unless such information has been incorporated by reference.

Notice to Distributors

Solely for the purposes of the product governance requirements contained within Chapter 3 of the FCA Handbook Production Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook and (ii) eligible for distribution through all distribution channels (the "**UK Target Market Assessment**").

Notwithstanding the UK Target Market Assessment, distributors (for the purposes of UK Product Governance Requirements) should note that: (a) the price of the Placing Shares may decline and investors could lose all or part of their investment; (b) the Placing Shares offer no guaranteed income and no capital protection; and (c) an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, Numis will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

Contents

Placing Statistics

Placing Price	162 pence
Number of Existing Ordinary Shares	70,000,000
Number of Placing Shares	31,832,800
Number of New Ordinary Shares to be issued by the Company	9,582,000
Aggregate gross proceeds of the Placing receivable by the Company	£15,522,840
Estimated net proceeds of the Placing receivable by the Company	£11,724,840
Aggregate number of Ordinary Shares to be sold by the Selling Shareholders	22,250,800
Gross proceeds of the Placing receivable by the Selling Shareholders	£36,046,296
Aggregate number of Ordinary Shares in issue at Admission	79,582,000
Percentage of Enlarged Ordinary Share Capital being placed pursuant to the Placing	40.0%
Percentage of the Enlarged Ordinary Share Capital represented by the New Ordinary Shares	12.0%
Market capitalisation of the Company at the Placing Price at Admission	£128,922,840
ISIN number	GB00BLH42507
SEDOL number	BLH4250
AIM "ticker"	AT.
LEI	213800LHEWVY66RPGR58

Expected Timetable of Principal Events

	2021
Closing date for the Placing	17 November
Publication of this Admission Document	18 November
Admission and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 23 November
CREST accounts credited (where applicable)	23 November
Dispatch of definitive share certificates (where applicable)	30 November

Notes:

1. References to time in this document are to London time.
2. Each of the times and dates above is subject to change. If any of the above times or dates should change, the revised times and/or dates will be notified to shareholders by an announcement on an RIS.

Directors, Secretary and Advisers

Directors:	Bill Shannon (*Chairman, Non-Executive Director*) Allan Pirie (*Chief Executive Officer*) Ingrid Stewart (*Chief Financial Officer*) Joe Connolly (*Non-Executive Director*) Thomas Thomsen (*Non-Executive Director*) Tony Durrant (*Non-Executive Director*) *all of whose business address is: Ashtead House, Discovery Drive, Westhill, Aberdeenshire, AB32 6FG*
Registered Office:	1 Gateshead Close Sunderland Road Sandy, Bedfordshire SG19 1RS United Kingdom
Company Secretary:	Ingrid Stewart
Company website:	www.ashtead-technology.com
Nominated Adviser and Sole Bookrunner:	**Numis Securities Limited** 45 Gresham Street London EC2V 7BF
Auditors and Joint Reporting Accountant:	**BDO LLP** 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Joint Reporting Accountant	**Deloitte LLP** 1 New Street Square London EC4A 3HQ
Solicitors to the Company:	**White & Case LLP** 5 Old Broad Street London EC2N 1DW United Kingdom
Solicitors to the Nominated Adviser and Sole Bookrunner:	**Norton Rose Fulbright LLP** 3 More London Riverside SE1 2AQ United Kingdom
Financial PR:	**MHP, a trading division of Engine Partners UK LLP** 60 Great Portland Street London W1W 7RT United Kingdom
Company Registrars:	**Computershare Investor Services PLC** The Pavilions, Bridgwater Road Bristol BS13 8AE United Kingdom

Part I

Information on the Company

Ashtead Technology Holdings plc

1. Introduction

Ashtead Technology is a leading subsea equipment rental and solutions organisation supporting the installation, inspection, maintenance and repair ("**IMR**") and decommissioning of infrastructure across the offshore energy industry. Headquartered in the UK, Ashtead Technology operates globally, servicing customers from its nine international customer service hubs.

Ashtead Technology's specialist equipment, technical solutions and support services enable its customers to understand the subsea environment and manage offshore energy infrastructure. Ashtead Technology's service offering is applicable across the lifecycle of offshore wind farms and offshore oil and gas infrastructure.

In the fast-growing offshore wind sector, Ashtead Technology's specialist equipment and services are essential through the project development, construction and installation phase. Once wind farms are operational, Ashtead Technology supports customers with IMR. In the more mature oil and gas sector, Ashtead Technology's focus is on IMR and decommissioning.

The Group's total addressable market is expected to grow at an aggregate CAGR of 11% from 2020 to 2025 to reach a value in excess of $2 billion. Within this, offshore wind is expected to grow by a CAGR of 19% to $777 million, decommissioning by 12% to $200 million, and oil and gas IMR by 7% to $1.04 billion.

Ashtead Technology provides customers with a one-stop-shop for subsea equipment rental, related services and solutions. With over 17,000 highly mobile stock items, the Group has an independent equipment rental fleet with significant breadth and depth of which c.85% is fungible across its oil and gas and renewables markets. The fungibility of Ashtead Technology's equipment and solutions across the offshore wind and oil and gas markets enables the Group to capture growth across both of these adjacent markets.

In addition to supporting its customers with their subsea equipment rental requirements, Ashtead Technology offers a range of complementary mechanical solutions, asset integrity services and third party asset management.

Over the last 36 years, Ashtead Technology has built a strong track record, supporting a global, blue-chip customer base in the offshore oil and gas market and in recent years has been working with existing and new customers as they focus on energy transition, both in offshore wind and in decommissioning of offshore oil and gas infrastructure.

Ashtead Technology operates in a highly fragmented market and has made five acquisitions since 2017, adding significantly to the product and service offering of the Company while also increasing its geographic footprint. Further detail on the Group's acquisition history is set out in paragraph 2 of Part I.

Ashtead Technology had a strong track record of revenue growth prior to the COVID-19 pandemic and through 2021 performance has regathered momentum. In the three years ended 31 December 2019, the Group reported a three year revenue CAGR of 13.2% on a pro forma basis[3] with Pro forma Adjusted EBITDA and Pro forma Adjusted EBITA reaching £24 million and £13.8 million, respectively in 2019. Despite COVID-19, in 2020 the Company reported resilient results. The outturn for 2021 is well supported by strong customer demand which gives the Directors a high degree of confidence in the Group achieving no less than £52 million of revenue, £21.5 million of Adjusted EBITDA and £12.8 million of Adjusted EBITA for the 2021 financial year. This represents growth of approximately 23%, 26% and 104% respectively compared to the prior year.

3 Assuming all Group acquisitions completed on 1 January 2017

Ashtead Technology Holdings is seeking Admission and raising approximately £51.6 million through the Placing. £15.5 million of the funds raised pursuant to the Placing will be used to reduce the Group's indebtedness (targeting net debt of approximately 1 times Adjusted EBITDA immediately following Admission), providing further capacity for the Group to continue its clear and focused bolt-on acquisition strategy, with £36 million facilitating a partial exit for existing shareholders. The Board is confident that Admission will provide a strong, long-term platform for future growth and allow the management team to deliver low double-digit organic revenue growth augmented by further bolt-on acquisitions.

Further details of the Placing are outlined in paragraph 13 of Part I of this document.

2. History and Background

Founded in 1985, Ashtead Technology has built a strong track record and market leading domain expertise in subsea equipment rental and related services and solutions. The Ashtead Technology business was acquired by Ashtead Group plc in 1993 and subsequently expanded into the Asia Pacific market in 1994, opening a facility in Singapore, and into the North and Central American market in 1997, opening a facility in Houston.

In 2008, the Company was acquired by Phoenix Equity Partners ("**Phoenix**") from Ashtead Group plc and under Phoenix's ownership Allan Pirie, the current Chief Executive Officer joined as Chief Financial Officer and was appointed into his current role in 2012. From 2012 the business focused on its core offshore energy market offering, and as a result, its onshore focused North American division was sold in 2013.

In 2016 the Company was acquired by Buckthorn Partners and the Arab Petroleum Investments Corporation ("**APICORP**") and the focus of the business moved to enhancing the breadth, depth and reach of its offering. The business also actively diversified its service offering, increased its geographical footprint and benefitted from an accelerating transition towards offshore renewable energy, enhancing the resilience of the business. As well as developing the organic business, the Company has made five acquisitions since 2016. In March 2017, Ashtead Technology acquired Abu Dhabi based TES Survey Equipment Services expanding into the Middle East region. In January 2018, Ashtead Technology acquired Forum Subsea Rentals, a division of Forum Energy Technologies Inc., consolidating its position within the survey and robotics equipment rental market and increasing capabilities in Singapore, the UK and the USA. In November 2018 Ashtead Technology acquired Welaptega Marine, increasing its service capability and subsequently repositioning Ashtead Technology as an asset integrity services provider to the offshore wind industry in addition to its traditional offshore oil and gas market. In April 2019 Ashtead Technology acquired AquaTech Solutions expanding its footprint in the USA and increasing its mechanical solutions capabilities. In September 2019, Ashtead Technology acquired Underwater Cutting Solutions ("**UCS**"), a market leader in underwater cutting, dredging and coating removal services driving geographic expansion of the UCS rental and service offering by leveraging Ashtead Technology's international network. These acquisitions have furthered the strategic development of the Group and between 2017 and 2019 the enlarged business generated organic Adjusted EBITDA growth and synergies of £5.8 million (prior to IFRS-16 adjustments).

3. Key Strengths

A market leader in subsea technology rental and solutions with a 36 year track record

Over 36 years Ashtead Technology has built a strong track record as a market leader in subsea equipment rental and solutions with a long-standing, blue-chip customer base operating across the offshore energy markets. Ashtead Technology has worked with eight of its 10 largest customers for more than 10 years and six of these customers operate under long-term framework arrangements. The customer base includes the majority of the major subsea services companies such as Boskalis, Fugro, Helix, Oceaneering, Subsea7, Technip FMC and Saipem who provide services to oil and gas and offshore wind asset owners. The Directors believe that Ashtead Technology's track record is built upon the Group's reputation for service quality and reliability and is underpinned by the size and quality of the Ashtead Technology equipment rental fleet. Ashtead Technology's senior management team has significant technical expertise with an average tenure of 24 years in the offshore energy industry. The senior management team is supported by a highly experienced team of more than 200 employees.

Broad, well maintained, rental fleet, containing more than 17,000 stock items and growing service offering

Ashtead Technology operates as a one-stop-shop for subsea equipment rental, related services and bespoke solutions. The Directors believe that the breadth of products and services the Group provides, its reliability and product availability, the domain expertise and experience of its employees, its geographical coverage and track record are key to its strong customer relationships. The Group has a well-maintained rental fleet which is the largest independent fleet in the industry consisting of more than 17,000 stock items. Approximately 85% of this fleet is fungible across both the offshore oil and gas and the offshore wind end markets. Ashtead Technology's equipment and solutions are critical to many offshore energy activities and the Group is growing the services component of its offering. Approximately 80% of the Group's revenues are derived from rental of specialised equipment, with the balance related to the provision of technical services, solutions and equipment sales. This creates differentiated propositions, particularly in the Group's mechanical solutions and asset integrity offerings, resulting in long term customer relationships and driving higher returns on capital.

Global platform supporting international customers in offshore locations in the Americas, Europe, West Africa, Middle East and Asia Pacific

Ashtead Technology operates from nine service centres in key international energy hubs across Europe, the Americas, the Middle East and APAC, giving the Group the ability to service its customers operations globally in all of the key offshore energy markets. This footprint also provides Ashtead Technology with a well established regional platform which can be leveraged to expand and internationalise new product lines and services across the Ashtead Technology business which are either developed organically or acquired through the acquisition of niche regionally focused businesses.

Exposure to a structural high growth wind market with a strong underpin from IMR and decommissioning activities in oil and gas

Ashtead Technology is well-positioned to capitalise on the significant growth in the offshore wind market in which expenditure is forecast to grow at a CAGR of 19% from 2020 to 2025. Ashtead Technology's customers are leading service providers to the offshore wind market and as a result, the Group is well-placed to benefit from the continued growth in this market. Furthermore, the Group's international presence also makes it particularly well placed to take advantage of the expansion of this market from its traditional north-western European base into geographies in which Ashtead Technology has long established operations, notably Asia and the USA.

This opportunity in the offshore wind market is complemented by the decommissioning market in oil and gas which is forecast to grow at a CAGR of 12% between 2020 to 2025 as existing oil and gas infrastructure reaches the end of its economic life and operators transition towards renewable energy sources. In addition, as oil and gas operators also seek to maximise efficiencies to maintain production levels and extend field life, there is a continued focus on IMR and as a result, the IMR market is expected to grow at a CAGR of 7% in the period from 2020 to 2025[4].

Well placed to benefit from changing customer behaviours

As a leading independent player in a $1.2 billion market[5], Ashtead Technology is well-placed to benefit from changing customer behaviours. Historically the Group's customers invested in significant equipment fleets similar to that provided by Ashtead Technology. However, the prioritisation of returns, free cash flow generation and the reduction of capital expenditure is increasing their propensity to outsource their specialist equipment requirements. This need is heightened as a result of the reduction in the number of personnel with the appropriate expertise and experience across the Group's customer base and follows a number of years of redundancy programmes as customers sought to cut costs and focus on core competencies. This in turn has also led to the development of the Group's asset management offering through which, given its specialist knowledge and IT systems, the Group provides customers with asset management services. This allows

4 ***Source: Rystad Energy Report July 2021.***

5 ***Source: Rystad Energy Report July 2021.***

customers to maintain their equipment fleets which can then be deployed on their own projects or rented to other Ashtead Technology customers generating a return for the asset owner from otherwise unutilised assets and further embedding Ashtead Technology within the customer's organisation.

The Group operates in a highly fragmented market

Ashtead Technology's acquisition strategy has supplemented the Group's organic growth in recent years and enhanced the Group's geographical reach and product and services offering. Using a clear and focused set of criteria, the Group successfully identified, executed and integrated five acquisitions between 2017 and 2019 generating revenue, cost and capital expenditure synergies. Over the years the Group has established relationships with a number of potential vendors and is therefore well positioned to take advantage of what the Directors believe is a strong pipeline of acquisition opportunities. Opportunities exist to consolidate a fragmented market at attractive valuations and further expand Ashtead Technology's international subsea equipment rental and related services and solutions offering. Furthermore, the Director's believe that the recent COVID-19 pandemic has heightened owner managers' recognition of the risk of having a significant proportion of their family wealth locked up in their businesses, and increased the awareness of the benefits of being part of a larger group. As a result, the Group is seeing increased willingness of owner managers to engage in discussions resulting in an increased number of acquisition opportunities.

Robust/resilient financial model generating high ROIC

Ashtead Technology's strategy has driven significant financial growth prior to the COVID-19 pandemic. On a pro forma basis[6], revenue grew from £41.8 million in the year ended 31 December 2017 to £53.6 million in the year ended 31 December 2019, driven by organic growth and expansion into renewable energy services. Despite the impact of the COVID-19 pandemic on trading in 2021, the Group's business has recovered well and revenue, Adjusted EBITDA and Adjusted EBITA for the 12 months to 31 December 2021 is expected to be not less than £52 million, £21.5 million and £12.8 million, respectively. This represents growth of approximately 23%, 26% and 104% respectively compared to the prior year. On a trailing 12-month basis to June 2021, ROIC has also recovered strongly to 11%, with pricing and utilisation also trending towards 2019 levels.

4. Strategy

Ashtead Technology intends to target low double-digit organic revenue growth by executing on a proven strategy. The Group plans to augment this through a clear and focused merger and acquisition strategy.

Continuing to support the energy transition

- Ashtead Technology intends to continue to capitalise on the significant increase in expenditure in the global offshore wind market – a long-term growth market globally. The Group has demonstrated significant growth in this market in recent years – revenue from offshore wind increased from 10% of total Group revenue for the year ended 31 December 2018 to 29% for the year ended 31 December 2020. The Group is targeting revenue from the offshore renewables market of at least 50% in the medium term.
- The Group also intends to take advantage of the growing oil and gas decommissioning market as end customers look to decommission existing infrastructure and transition to alternative energy forms.
- The Group plans to support oil and gas operators as they seek to maximise the efficiency of existing production, extending field life and reducing the need for new oil and gas projects and associated infrastructure.
- The Group also recognises the opportunity to utilise its existing skills and expertise to support the energy transition in additional areas such as offshore carbon capture and storage which is in its formative stages.

6 Assuming all Group acquisitions completed on 1 January 2017

Maintaining Ashtead Technology's position as a leading independent subsea equipment rental business

- Ashtead Technology plans to grow and strengthen its core business in subsea technology rental and solutions, enhancing the Group's competitive position through:
  - continued operational excellence, ensuring the reliability and availability of equipment, employee training and development, digitisation of internal processes and by focusing on the delivery of integrated solutions and service agility; and
  - leveraging the Group's significant domain expertise and product knowledge to serve customers better and increase the Group's market share.
- The Group intends to continue to capitalise on the broader industry trend for customers to increasingly focus on returns, free cash flow and reducing capital expenditure. The Directors expect this will continue to increase customers' propensity to rent equipment from and outsource asset management services to the Group.

Continuing to broaden the range of complementary equipment and services and leverage Ashtead Technology's global footprint

- Ashtead Technology intends to continue to seek to benefit from its international footprint, strengthening its presence and capability in its existing markets through the further internationalisation of all Ashtead Technology's products and services. The Group will also continue to leverage customer relationships globally to access opportunities with these customers in new geographies as customers' operations expand internationally and/or in existing customer geographies where the Group has limited customer penetration.
- The Group also plans to extend and improve the range of products and services it provides through:
  - innovative delivery models and packages such as using remote access technology for asset integrity operations;
  - working with customers to solve their complex product needs via in-house development and engineering of mechanical technology; and
  - continuing the Group's investment to broaden its equipment rental fleet and service offering, particularly in data management, analysis and reporting capabilities and by offering integrated services alongside existing IMR products focusing on subsea integrity and reliability.

Augmenting organic growth through a clear and focused merger and acquisition strategy

- Ashtead Technology plans to continue to consolidate a highly fragmented market to build a business of scale – strengthening geographic, product range and service capability to better support the Group's customers globally.
- The Group will seek to acquire products and services in adjacencies which complement its current product and services offering.
- The Group also intends to leverage its ability to acquire oil and gas focused businesses where the target's equipment and expertise can be redirected to offshore wind opportunities using Ashtead Technology's customer relationships and delivery model.

5. Business Overview

Ashtead Technology is a leading international subsea equipment rental and solutions provider for the global offshore energy sector. Headquartered in the UK, Ashtead Technology operates globally, servicing customers from its nine international customer service hubs.

Ashtead Technology's specialist equipment, technical solutions and support services enable its customers to understand the subsea environment and manage offshore energy infrastructure. Ashtead Technology's service offering is applicable across the lifecycle of offshore wind farms and oil and gas infrastructure as

well as across certain limited industrial activities. Approximately 80% of the Group's revenues are derived from rental of specialised equipment, with the balance related to the provision of technical services, solutions and equipment sales. In the fast-growing offshore wind sector, Ashtead Technology's specialist equipment and services are essential through the project development, installation and commissioning phases. Once offshore wind farms are operational, Ashtead Technology supports customers with IMR. In the more mature oil and gas sector, Ashtead Technology's focus is on IMR and decommissioning.

Ashtead Technology's service offering is categorised into three service lines:

Service Lines and Fleet Overview

Ashtead Technology's fleet consists of 17,000 highly mobile stock items, with a gross book value of approximately £105 million. Management believes the Ashtead Technology maintenance programme is best-in-class and has been an important contributing factor in ensuring that the Ashtead Technology equipment rental fleet is the leading independent fleet in the market with a reputation for reliability and quality. In addition to its capital expenditure, on average the Group spends approximately £3 million per annum on repairs and maintenance costs that are expensed through profit and loss. This ensures assets continue to operate well beyond the industry standard depreciation period of seven years. Approximately 90% of the Group's rental revenue is derived from assets less than 10 years old and although the Group continues to hold a small number of assets beyond this, these assets (which represent approximately 20% of the fleet by gross book value) continue to generate revenue and contribute to the breadth of the Group's fleet, an important differentiator in the market.

- ***Survey and Robotics***

  Survey and Robotics represented approximately 64% of revenue for the 12 months to June 2021. Ashtead Technology offers a wide array of survey and robotics equipment and solutions, including:

  – geophysical and hydrographic survey equipment and services;

  – subsea and surface positioning equipment for accurate positioning during offshore survey and construction projects;

  – cable and pipeline survey equipment to support international marine construction projects, offshore cable and pipeline operations and seabed surveys;

  – unexploded ordnance survey equipment and services to help reduce the risks associated with unexploded bombs and other ordnance; and

  – remote visual inspection and non-destructive testing inspection equipment to minimise asset or process downtime and help make informed decisions about fitness for service.

  As well as renting specialist equipment, Ashtead Technology also provides its customers with:

  – equipment selection and system design and integration support to ensure that equipment supplied is fit for purpose and fully in line with project requirements;

  – personnel and training on equipment use, operation and maintenance;

  – asset management and related services, including secure storage facilities, equipment calibration services, full pre-mobilisation configuration, post mobilisation maintenance and repair;

  – freight and logistics support; and

  – 24/7 technical and sales support.

- ***Mechanical Solutions***

  Mechanical Solutions represented approximately 25% of revenue for the 12 months to June 2021. Ashtead Technology provides a wide range of inhouse designed and third party mechanical equipment solutions, including:

  – *cutting* – Ashtead Technology designs and engineers an extensive array of subsea and topside cutting solutions, suitable for use on caissons, pipelines, tubulars and jackets of various sizes, as well as offering a range of high-performance abrasive waterjet cutting solutions;

  – *dredging* – Ashtead Technology offers a fleet of electrical and hydraulic dredgers and engineers high-performance dredge systems to assist with the excavation of seabed sand, gravel, clay or rock;

  – *coating removal* – Ashtead Technology provides high-performance coating removal solutions to remove concrete weight coat, bitumen, fusion banded epoxy, epoxy and other coatings;

  – *marine growth removal* – Ashtead Technology offers abrasive grit cleaning systems for marine growth removal in addition to a range of marine growth removal systems for cleaning soft and hard marine fouling from structures, such as vessel hulls, pipelines, subsea infrastructure and mooring chains; and

  – *remotely operated vehicle ("**ROV**") tooling* – Ashtead Technology's broad and compatible tooling range supplemented with support services help improve operational efficiencies and preserve safety standards.

  The equipment range that Ashtead Technology offers is fully supported by inhouse design and technical expertise, such as:

  – *custom design and engineering* – Ashtead Technology provides individually tailored solutions for unique project requirements across the full field lifecycle. Service offerings include technical consultancy, designed packaged equipment solutions, fabrication and assembly, full pre-mobilisation testing and field installation and support;

  – *equipment modification and assembly* – Ashtead Technology's inhouse machine and fabrication capabilities allow it to manufacture and assemble bespoke solutions to mechanical challenges in response to fast customer turnaround requirements; and

  – *system integration* – Ashtead Technology offers a range of system integration and testing services, including allowing customers to simulate ROV operations, check accessibility to ROV interface points and highlight any potential areas of concern for ROV tasks during onshore-based trials such as system integration tests and factory acceptance tests.

- ***Asset Integrity***

  Asset Integrity represented approximately 11% of revenue for the 12 months to June 2021. Ashtead Technology offers custom engineered packages tailored to address customer operational requirements in some of the world's most challenging environments. Ashtead Technology provides specialists and engineering support in areas of asset integrity, including:

  – *3D imaging and metrology* – Ashtead Technology offers an extensive array of packaged solutions covering a range of 3D imaging and metrology applications, such as measurement and metrology solutions for subsea applications, utilising advanced laser, video, photographic, and sonar technologies to deliver precise dimensional representations of subsea geometries, interface points and as-installed equipment;

  – *asset integrity and monitoring* – Ashtead Technology deploys integrated monitoring solutions to support the integrity management of offshore installations including jackets, piled foundations, cables and seabed erosion and scouring;

– *mooring inspection and analysis* – Ashtead Technology provides trained inspection personnel and purpose-built tools to perform in-situ inspection and dimensional assessment of mooring systems, which allows customers to track minute amounts of wear, corrosion, and deformation; and

Ashtead Technology combines equipment with systems configuration knowledge, field deployment knowledge and data analysis to provide bespoke solutions to its customers, as seen with:

– *3D modelling and analysis* – Ashtead Technology's innovative measurement solutions allows complex and critical measurements to be extracted from 3D data which serve to facilitate construction, installation, repair, and replacement activities, including rapid results for time-critical applications. 3D modelling can be used to create digital twins, combining real world 3D data with as-built dimensions, or to create solid objects with optimised meshes for finite element analysis; and

– *subsea visualisation and measurement services* – Ashtead Technology's approach utilises a risk-based engineering framework, combined with advanced underwater visual and non-destructive testing inspection technologies. Remote mooring inspection services can be carried out from Ashtead Technology's remote operations centres in the UK and Canada, dependent only on bandwidth speed from the customer's offshore installation or vessel.

Leveraging Technology

Ashtead Technology uses technology to drive insights and business performance. Ashtead Technology uses the Microsoft Dynamics AX ERP system to operate its business. This fully integrated system incorporates sales, operations and finance activities, and provides global visibility and central control. Ashtead Technology is able to collate real time ERP captured data into coherent, visually immersive and interactive insights accessible on mobile devices for the benefit of both the Group and its customers. Sales quote analysis is used daily within the business to track sales performance and weekly trend analysis forms the basis for weekly regional sales calls with management.

Ashtead Technology's technology framework allows each individual rental asset to be tracked, including its rental availability status and location as well as through the inspection process, repair and/or calibration process (if required), following return from a customer. The monitoring of equipment turn around days through the process drives workshop accountability, and ensures the equipment rental fleet is fully maintained and assets are available for hire in short order.

The focus on rental equipment utilisation on a global, regional and at an asset level ensures a proactive approach is taken to pricing and regional stock management levels maximising the ability to react to short lead time orders and therefore maximise the return from the equipment rental fleet.

Ashtead Technology's bespoke Aperto portal allows customers to:

- request quotes;
- place orders;
- track equipment status;
- download equipment manuals and certification; and
- communicate with the Ashtead Technology sales team online through a secure customer portal.

Sharing data with key customers from Ashtead Technology's ERP system in an accessible, easy to use format increases customer visibility and control, building customer engagement and trust.

Ashtead Technology's Customer Base and Contract Structure

Ashtead Technology is transitioning into offshore renewables alongside its key customers while at the same time growing its customer base. The majority of Ashtead Technology's oil and gas market customers already

have sizeable offshore wind exposure and amongst Ashtead Technology's customers are several offshore wind specialists.

Ashtead Technology has established, long term relationships with its key customers – eight of its top ten customers by revenue have used Ashtead Technology's products and services for more than a decade. Added to this, the majority of Ashtead Technology's top 10 customers have global operations. In the year ending 31 December 2020, Ashtead Technology had over 1,100 customers, who issued in excess of 4,300 individual purchase orders. The average project duration during 2020 was 42 days. Ashtead Technology generated 47% of its revenue from its top 10 customers in 2020 with the largest customer representing 6.9% of revenue.

Ashtead Technology typically contracts with large customers via framework agreements and the majority of the Group's customers (by revenue) – including six out of Ashtead Technology's top ten customers (by revenue) – engage with it in this way. These framework agreements define the contractual terms of rental of the Group's equipment, including providing a ceiling on price. Pricing provisions in the majority of framework agreements are usually negotiated on an annual basis and Ashtead Technology typically seeks to avoid long term arrangements which would prevent it from adjusting equipment list prices according to prevailing market conditions. The length of framework agreements varies between one and three years and as a result, at any given time a number of these agreements will be near expiry and/or up for renewal. While the framework agreements provide an important mechanism for the Group to do business with its customers, they provide no guarantee of revenue. Ashtead Technology generates significant revenue from customers with whom it has no framework agreement in place, as well as from customers whose framework agreement has expired and has not been renewed purely for administrative reasons.

Geographic Presence

Ashtead Technology serves the international energy sector from the following nine facilities that are strategically located in key offshore energy hubs: Aberdeen (UK), Abu Dhabi (UAE), Broussard (USA), Halifax (Canada), Houma (USA), Houston (USA), Inverurie (UK), London (UK) and Singapore.

Additionally, Ashtead Technology has international partners in the Caribbean, West Africa and Australia.

6. The Market[8]

- ***Overview***

  The Group serves the offshore energy market which includes offshore wind as well as decommissioning and IMR in the oil and gas sector. The expansion of offshore wind as a means of energy production, alongside the decommissioning of existing oil and gas infrastructure, is critical to a successful energy transition process.

  Oil and gas will continue to be an important constituent in meeting energy demand. Significant expenditure will be required to maintain oil and gas production from existing fields, with such expenditure being in many cases a preferable option to investment in new oil and gas fields and associated infrastructure.

  The fungibility of Ashtead Technology's equipment and solutions across the offshore wind and oil and gas markets makes for a compelling and robust proposition, enabling the Group to capture growth across both these adjacent markets.

  For example, the Group's total addressable market is expected to grow at an aggregate CAGR of 11% from 2020 to 2025 to reach a value in excess of $2 billion. Within this, offshore wind is expected to grow by a CAGR of 19%, decommissioning by 12%, and oil and gas IMR by 7%.

- ***Offshore wind***

  Europe is the most mature offshore wind region in the world with 74% of global capacity installed. It is expected that Europe will continue to be the largest investor in the offshore wind market with expenditure growing at 12% per annum to reach $65.8bn in 2030 and comprising at least 54% of the

8 ***Source: Rystad Energy Report July 2021***

global market by 2030 (excluding China). However, the offshore wind market is expected to internationalise rapidly from 2020 to 2030, notably in Asia (excluding China) and North America where the forecast CAGR in offshore wind spend is 15% and 35%, respectively, with expenditure in Asia reaching $39.1 billion by 2030 (excluding China) and $8.4 billion in North America. A material increase in spending is also expected in South America, Australia and the Middle East from a low base.

As a result of the increased expenditure, the number of operational wind farms is set to more than double from 229 as at June 2021 to 494 in 2025. Globally, there are currently 159 wind farms under construction, a further 64 approved and 42 in the application stage, all of which are expected to be operational by 2025. An additional 49 wind farms are also at the concept phase targeting operation by 2025. Rystad forecast continued growth from 2025 to 2030 with a total of 818 operational wind farms by 2030. The increase in the number of wind farms is expected to lead to the global installed capacity growing by 23% per annum through to 2030, from 25 gigawatts of power ("**GW**") in 2020 to 71 GW by 2025 and 191 GW in 2030.

As the offshore wind industry matures, projects are becoming larger and more complex. In addition to wind farms increasing in scale, the average wind turbine size is expected to grow from 4 MW in 2015 to 9 MW (and greater than 11 MW in the USA) in 2030. Larger wind turbines will require larger vessels for installation, increasing the cost of the vessel and consequently the cost of potential downtime. As a result, the importance of reliable and fully supported subsea rental equipment is heightened. Additionally, larger wind turbines require larger foundations which will require more subsea work and ongoing maintenance.

The increasing scale of operations is expected to result in the average distance from shore more than doubling from 2014 levels in the next decade (excluding China), and the average water depth predicted to increase from 20 metres to 33 metres in the same period. This will result in increased logistical challenges: cable trenching lengths will increase owing to the greater distance from shore and deployment times for ROVs and divers will lengthen due to increased water depths. This will result in an increase in demand for Ashtead Technology's products and services.

As a result of the above, Ashtead Technology's addressable market in advanced tooling for offshore wind is expected to grow at a rate of 19% per annum from $332 million in 2020 to $777 million by 2025, with such growth driven primarily by installation and commissioning activity. In the longer term, IMR services for the offshore wind market are expected to develop strongly as the offshore windfarm installed base increases and ages.

- ***Oil and Gas***

  Offshore oil and gas production is expected to remain robust even assuming a long-term Brent crude oil price of 50 USD per barrel. With an increased share of oil and gas production coming from offshore deepwater fields, investment in the subsea segment is expected to be one of the main drivers of growth in spending.

  Significant ongoing investment is required to arrest production decline from existing producing fields through activities such as well intervention and continual IMR of infrastructure required to maintain and extend the producing life of such fields. Even assuming the forecast IMR spend set out below, production is forecast to decline between 3 and 7% per annum from existing fields in the period 2020 to 2030.

  IMR

  During the life cycle of an offshore oil and gas field 8% of spend is on exploration, 33% on initial development, 57% during its operational life and 2% on decommissioning.

  Expenditure on existing fields is expected to remain high and comprise the majority of life cycle spend in the industry, driven in part by the energy transition as existing field operators seek to maximise the efficiency of their existing oil fields as opposed to funding new greenfield site development. This will be required to support forecast demand for oil and gas even in an energy

transition scenario which is compatible with a 50% probability of limiting the global temperature increase to 1.5 C by 2050.

A fundamental driver for subsea IMR is that the inventory of both subsea equipment and pipelines continue to increase in volume and age, driving an increased IMR requirement. The average age of subsea XMTs (a stack of vertical and horizontal valves installed on a subsea wellhead to provide a controllable interface between the well and productions facilities) is projected to increase from 9 years in 2015 to 11 years in 2025, whilst the average weight per unit is set to increase by 2.7 tonnes (5%) in the same period. This will have the effect of increasing the complexity and requirement for subsea IMR work resulting in increased spend.

In recent years offshore oil and gas developments have increasingly been in deeper water, resulting in more complex and demanding work scopes to be undertaken by ROVs, requiring a larger share of advanced tooling, one of Ashtead Technology's strengths. Europe is expected to remain the largest IMR market over the next five years accounting for circa 27% of the market.

As a result of the above, IMR spending is expected to drive the market for Ashtead Technology's equipment and services by 7% per annum from 2020 to 2025 with spending increasing from $743 million per annum to $1.04 billion in 2025.

Decommissioning

Decommissioning is forecast to grow with an increasing number of oil and gas fields coming to the end of their producing lives. The Directors believe that the Group's decommissioning services provides a hedge in the event of lower oil prices as it may lead to an acceleration of decommissioning activity.

Applicable regulation typically mandates that once oil and gas fields reach the end of production, the infrastructure is required to be removed. There are clear drivers in each of the Group's core markets for decommissioning, which can be summarised as follows:

- The UK has a large inventory of oil and gas fields set to be decommissioned over the next 10 years with decommissioning high on the UK oil and gas authority's agenda. Detailed plans for decommissioning must be submitted three years before the end of production.
- North America has the largest inventory of oil and gas infrastructure to be decommissioned in the world. The "Idle Iron Policy" requires platforms to be decommissioned within five years of losing adequate operational function.
- There is strong popular and political pressure in Norway to remove production facilities shortly after the end of production. Plans related to decommissioning are typically submitted two to five years before the end of production.

Ashtead Technology's equipment and solutions support activities during the removal of subsea infrastructure in addition to steel platform substructures which provide the structural support for offshore oil and gas production facilities. Ashtead Technology's relevant addressable market for decommissioning within the offshore oil and gas industry is expected to grow from $115 million in 2020 to $200 million in 2025. North America and Europe are expected to be the largest markets. However, the African, Asian and South American markets are expected to grow significantly over the period.

- ***Market dynamics***

While Ashtead Technology has the largest independent subsea equipment rental fleet of its kind in the offshore energy market, its customers are the largest equipment owners in the market following a period of significant capital expenditure. Over recent years, an already increasing propensity to outsource by Ashtead Technology's customers was accelerated by the COVID-19 pandemic. The capital expenditure budgets of Ashtead Technology's core customer base have been reduced by 75%, on average, since their peak levels in the period up to 2014. Employee numbers by the same customer

set have declined by 34% from their highest levels in 2013. This has adversely impacted Ashtead Technology's customers' ability to maintain, service and mobilise their own equipment fleets due to reduced inhouse domain knowledge. These dynamics are driving the general market trend to outsource equipment requirements and a higher propensity to rent by customers of specialist services provided by Ashtead Technology.

7. Summary Financial Information and Key Performance Indicators

Since the date of its incorporation, the Company has not commenced operations and, save for the effects of entering the Reorganisation Agreements, has no material assets or liabilities, and therefore no historical financial information in respect of the Company has been prepared as at the date of this Admission Document.

The table below, which has been extracted from the historical financial information set out in Part III of this document, sets out a summary of the financial results of the HFI Group for the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited interim periods of the six months ended 30 June 2020 and 30 June 2021. Prospective investors should read the full historical financial information in Part III of this document and not solely rely upon the summary below.

	Year ended 31-Dec-2018 £000	*Year ended 31-Dec-2019 £000*	*Year ended 31-Dec-2020 £000*	*Six months ended 30-Jun-2020 £000*	*Six months ended 30-Jun-2021 £000*
Revenue	37,710	47,780	42,401	19,743	24,691
Cost of sales	(9,976)	(11,914)	(11,044)	(5,092)	(6,904)
Gross profit	27,734	35,866	31,357	14,651	17,787
Administrative expenses	(24,219)	(28,316)	(29,796)	(14,126)	(14,340)
Other operating income	760	1,210	1,547	563	585
Operating Profit	4,275	8,760	3,108	1,088	4,032
Adjusted EBITDA	16,883	21,919	17,037	7,458	10,121
Adjusted EBITA	7,563	12,139	6,284	2,449	5,536

Adjusted EBITDA and Adjusted EBITA are non-GAAP metrics used by management and are not an IFRS disclosure.

Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation and items not considered part of underlying trading including share based payments and foreign exchange gains and losses.

Adjusted EBITA is calculated as earnings before interest, tax, amortisation, and items not considered part of underlying trading including share based payments and foreign exchange gains and losses.

Explanation of income statement line items

Revenue & Gross profit

Revenue increased by 27% from 2018 to 2019 owing to both organic and acquisitive growth. The gross profit margin also improved (from 73.5% to 75%) during the same period as a result of increased pricing achieved as market conditions strengthened. Revenues decreased by 11% in 2020 compared to the prior year as a result of the impact of the COVID-19 pandemic which led to restrictions on movement of personnel and equipment. This also resulted in pricing and margins trending back towards 2018 levels. The business has rebounded in 2021 and for the six months to 30 June 2021 the Group achieved year-on-year revenue growth of approximately 25% with a gross margin of approximately 72% and pricing improving towards 2019 levels.

Administrative Expenses

Administration expenses, which consist predominantly of payroll, facility costs, admin expenses, depreciation and amortisation, increased from 2018 to 2020 as a result of the acquisitions made, and in 2020 included the partial impact of the effect of several cost cutting measures as a result of the COVID-19 pandemic. This included reduced headcount and salary costs. As at 30 June 2021, headcount levels are above pre-COVID-19 levels.

Adjusted EBITDA, EBITA and operating profit

Adjusted EBITDA increased in 2019 driven by the increase in activity and pricing impact as noted above and decreased in 2020 due to the reduction in revenues caused by the COVID-19 pandemic. Despite the prevailing market conditions, the Company delivered an Adjusted EBITDA margin of 40% in 2020, demonstrating resilience during the COVID-19 pandemic. In the six months ending 30 June 2021, Adjusted EBITDA and Adjusted EBITA grew 36% and 126% respectively, compared to the comparable prior year period.

The following table illustrates the impact of acquisitions undertaken during the historical track record period on revenue, Adjusted EBITDA and Adjusted EBITA, as if they had taken place at 1 January 2018:

	Year ended 31-Dec-2018 £000	*Year ended 31-Dec-2019 £000*	*Year ended 31-Dec-2020 £000*	*Six months ended 30-Jun-2020 £000*	*Six months ended 30-Jun-2021 £000*
Pro forma Revenue	50,710	53,552	42,401	19,743	24,691
Pro forma Adjusted EBITDA	21,997	23,995	17,037	7,458	10,121
Pro forma Adjusted EBITA	11,346	13,846	6,284	2,449	5,536

The following measures are used by the Group's management to monitor and manage financial and operational performance. Certain of these measures are Non-IFRS Measures that are not calculated in accordance with IFRS.

	Year ended 31-Dec-2018 £000	*Year ended 31-Dec-2019 £000*	*Year ended 31-Dec-2020 £000*	*Six months ended 30-Jun-2020 £000*	*Six months ended 30-Jun-2021 £000*
Pro forma Revenue[(1)]	50,710	53,552	42,401	19,743	24,691
Revenue from Renewables	10%	16%	29%	26.8%	30.2%
Revenue from oil & gas and related markets	90%	84%	72%	73.2%	69.8%
Pro forma Adjusted EBITA[(1)]	11,346	13,846	6,284	2,449	5,536
Pro forma Adjusted EBITA Margin[(1)]	22%	26%	15%	12%	22%
Cost Utilisation[(2)]	41%	35%	37%	36%	40%
ROIC[(3)]	14%	15%	7%	–	–
TRIR	0.0	0.0	0.0	0.0	0.0

(1) Includes the impact of acquisitions undertaken during the historical track record period as if they had taken place at 1 January 2018.

(2) Cost utilisation is defined as the daily average of itemised fleet on rent weighted as a percentage of original equipment cost.

(3) ROIC calculated as Adjusted EBITA divided by average net debt plus net equity. Figures are not pro forma.

Following Admission, leverage (defined as net debt to trailing 12 month Adjusted EBITDA), profit before tax (prior to exceptionals and the amortisation of acquired intangibles) and earnings per share will also be key performance indicators for the Group.

Exposure to end markets

In recent years the Group has materially increased its share of revenues from the offshore renewables markets from 10% in 2018 to 29% in 2020. This has been supported by the fungibility of its equipment and led by its customer base which includes a number of offshore wind specialists and its traditional oil and gas customer base that are transitioning towards offshore wind related activities.

Cost Utilisation

Cost utilisation is defined as the daily average of itemised fleet on rent weighted as a percentage of original equipment cost. Cost utilisation fell from 2018 to 2019 owing to the impact of acquisitions with lower levels of utilisation. Cost utilisation improved modestly during 2020 despite the impact of the COVID-19 pandemic, but increased to 40% in the first half of 2021 as market conditions tightened. In the medium term, the Board believes there is scope for utilisation to reach 45%.

ROIC

Return on Invested Capital is calculated as Adjusted EBITA divided by average net debt plus average equity. ROIC increased from 14% to 15% from 2018 to 2019 as a result of the higher revenues driving higher profitability (Adjusted EBITA margin of 25% in 2019). This fell to 7% in 2020 as a result of the impact of the COVID-19 pandemic, but increased to 11% in the trailing twelve month period to 30 June 2021 highlighting the recovery during the first six months of 2021.

TRIR

The business has had no recordable safety incidents since 2015 and as such TRIR is nil during the whole HFI period.

8. Current Trading and Prospects

The Group is experiencing strong momentum across its markets, with a high level of customer activity. The strength of this underlying demand has enabled the Group to improve utilisation and raise prices towards 2019 levels during 2021. For the six months to 30 June 2021 the Group achieved year-on-year revenue growth of approximately 25%.

In the period since 30 June 2021, the Group has continued to perform well and the level of revenue growth achieved in the first six months of 2021 has been sustained for the four months to 31 October 2021. The balance of the financial year to 31 December 2021 is well supported by strong customer demand which gives the Directors a high degree of confidence in the Group achieving no less than £52 million of revenue, £21.5 million of Adjusted EBITDA and £12.8 million of Adjusted EBITA for the 2021 financial year, representing growth of approximately 23%, 26% and 104%, respectively compared to the prior year. In particular, the Group's offshore wind sales opportunity pipeline continues to build at pace, increasing from £8.2 million in April 2021 to £31.4 million in September 2021.

Over the medium term the Group is targeting low double digit organic revenue growth. This is supported by an expectation of steady growth across the Group's addressable oil and gas market and strong growth in the offshore wind market. Rystad estimates that the subsea IMR and construction and the decommissioning markets will grow at 7% and 12% per annum from 2020 to 2025, respectively, and the Group is targeting approximately 7% oil and gas revenue growth per annum over the medium term. Rystad estimates that the offshore wind market will grow at 19% per annum from 2020 to 2025, which the Group expects to marginally outperform.

In the medium-term, the Group expects the gross profit margin to recover to near pre-COVID levels. Overheads as a percentage of revenue are expected to be broadly in line with 2021, although reducing in the outer years driven by operating leverage. Costs as a result of the Group becoming a publicly listed company are expected to add approximately £0.5 million per annum, with LTIP costs being an additional £1 million to £2 million per annum.

To support the Group's growth ambitions, and with the backdrop of significant growth in the offshore renewables market, management will continue to invest in the fleet. Capital expenditure is expected to be approximately 20% of revenue in 2022, growing to approximately £12.5 million per annum over the medium term to support an anticipated increase in market demand. Depreciation is expected to be approximately £8 million in 2022, and grow in line with future fleet investment.

9. Dividend Policy

While the focus for the Board is on organic fleet growth with continued investment in maintenance and the capability of the fleet, complemented by bolt-on acquisitions, it is the Directors' intention to implement a progressive dividend policy subject to the discretion of the Board and to the Company having distributable reserves.

It is the Directors' intention that the first dividend that may be declared by the Company after Admission will be the interim dividend in respect of the year ending 31 December 2022, which, if declared will be payable in the second half of 2022.

10. Environmental, Social and Governance

Supporting the energy transition is core to the Ashtead Technology strategy, providing equipment, technical expertise and innovative solutions to the offshore energy markets. Ashtead Technology plays an important role in decommissioning activities in the oil and gas sector and construction and IMR activities in the offshore wind market.

The Group is committed to trading responsibly and creating sustainable value for all stakeholders and is focused on six of the United Nations Sustainable Development Goals (SDGs) in particular:

- ***SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all***

  Growing the Group's offshore renewables business is at the heart of Ashtead Technology's strategy, with a focus on supporting the transition of the offshore energy market towards more sustainable energy sources such as wind. The Group continues to see strong growth in its offshore renewables business. Through its wealth of offshore energy domain knowledge, and its leading independent equipment rental fleet in the market, Ashtead Technology is focused on developing and delivering best in class, cost effective offshore wind farm solutions. In the medium term, the Board is targeting 50% of Group revenues from the offshore renewables market.

- ***SGD 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development***

  Ashtead Technology plays a key role in assisting customers inspect, maintain and repair subsea infrastructure in order to reduce and proactively avoid pollution events. Ashtead Technology also supports customers removal of obsolete subsea infrastructure from the seabed for disposal in a safe and efficient manner at the end of its useful life. The Board is focused on continuing to support its customers to operate in a safe and sustainable manner through developing and deploying new technologies and delivery solutions, such as remote operations, to further reduce the number of vessel days and people required offshore to undertake such activities.

- ***SGD 12: Ensure sustainable consumption and production patterns***

  Ashtead Technology has detailed HSE policies in place to ensure regulatory compliance and continual improvement of its environmental performance through working practises designed to reduce waste, energy consumption and emissions. In order to further increase environmental awareness and responsibility across the business, Ashtead Technology plans to obtain global DNV certification to ISO 14001.

- ***SGD 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels***

  Ashtead Technology's commitment to operate responsibly, ethically and to respect local laws and regulations is absolute. All employees receive training including annual mandatory anti-corruption, sanctions and export controls training.

- ***SDG 3: Ensure healthy lives and promote well-being for all at all ages***

  The Group is committed to its local facilities, offering long-term employment and encouraging community engagement. More than 40% of employees have in excess of 5 years' service, and over 15 nationalities are represented. Modern slavery policies are adopted across all of the Group's workplaces and facilities. Safeguarding its people is a core value for Ashtead Technology and each and every employee and contractor of the Group is responsible for seeking and sharing relevant knowledge related to safe work; being a positive influence and contributor to a strong safety culture; and creating a trusting work atmosphere to support intervention in unsafe conditions.

- ***SDG 5: Achieve gender equality and empower all women and girls***

  Ashtead Technology is committed to be an equal opportunities employer and the Group embraces a positive and inclusive working environment characterised by equality and diversity.

11. Directors and Senior Management

Bill Shannon *(Independent Chairman, Non-Executive Director, aged 71)*

Bill has over 27 years of experience in plc board roles across businesses in branded retail and leisure, business services, property, gaming and financial services. Bill has served as Chairman of the boards of LSL Property Services plc, Johnson Service Group plc, St. Modwen Properties plc, Aegon UK plc and Gaucho Grill Holdings Ltd. Bill has also served on the boards of Barratt Developments plc, Matalan plc, Rank Group plc and Whitbread Group plc.

Allan Pirie *(Chief Executive Officer, aged 48)*

Allan has 26 years of experience in the offshore energy industry. Allan joined the Group in 2009 as Chief Financial Officer, before becoming Chief Executive Officer in 2012. Prior to joining the Group, Allan was Chief Financial Officer at Triton Group, a Commercial Director at Viking Offshore Services, a Business Strategy Manager at ASCO and qualified as a chartered accountant with KPMG.

Ingrid Stewart *(Chief Financial Officer, aged 47)*

Ingrid has 24 years of experience in the offshore energy industry. Ingrid joined the Group in January 2021 as Chief Financial Officer. Prior to joining the Group, Ingrid was Corporate Development Director at EnerMech, a Director at Simmons & Company International and an Associate, Manager and Assistant Director at Deloitte. Ingrid is a qualified chartered accountant, qualifying with Deloitte in 2000.

Joe Connolly *(Non-Executive Director, aged 43)*

Joe has over 21 years of experience in the energy and resources industry. Joe has served on the board of Group companies since 2016. Joe was one of the founders of Buckthorn Partners and currently serves as its Chief Financial Officer. Prior to founding Buckthorn Partners, Joe led business development at Clipper Windpower, was an equity analyst at Morgan Stanley and senior manager at Deloitte.

Tony Durrant, *(Independent Non-Executive Director, aged 63)*

Tony has over 34 years of experience in the energy & resources industry. Tony served as the Chief Executive Officer of Premier Oil plc and was previously a non-executive director of Greenergy Limited and Clipper Windpower plc and qualified as a chartered accountant with Arthur Andersen.

Thomas Thomsen *(Independent Non-Executive Director, aged 49)*

Thomas has over 22 years of experience in the wind sector. Thomas currently serves as Chief Strategy Officer of GE Onshore Wind International and previously was an Executive Director of AH Industries, Senior Vice President of VESTAS A/S and Chief Sales Officer at AREVA Wind.

Senior Management

Brett Lestrange *(Regional Director, Europe, aged 52)*

Brett has over 25 years of experience in the offshore energy industry. Brett joined the Group in 2017 as a Regional Director. Prior to joining the Group, Brett served as the CEO of HCS Control Systems, and worked for the Expro Group and Woodside.

James Christie *(Regional Director, Asia Pacific, aged 53)*

James has over 20 years of experience in the offshore energy industry. James joined the Group in 2019 as a Regional Director. Prior to joining the Group, James was the Regional Director for i-Tech 7 within the Asia Pacific region.

Steven Thrasher *(Regional Director, Americas, aged 48)*

Steven has over 23 years of experience in the offshore energy industry. Steven joined the Group in 2017 as a Regional Director. Prior to joining the Group, Steven held a number of senior positions at FTO Services, C-Innovation and Schilling Robotics.

12. Employees and Locations

As at 30 September 2021, Ashtead Technology had over 200 employees based in the UK, Singapore, UAE, Canada and the USA.

13. Details of the Placing

In relation to the Placing, the Company and the Selling Shareholders have entered into the Placing Agreement.

The Placing comprises the issue of 9,582,000 New Ordinary Shares by the Company at the Placing Price (representing approximately 12% of the Enlarged Ordinary Share Capital and raising gross proceeds of approximately £15.5 million (approximately £11.7 million net of expenses) for the Company) and the sale by the Selling Shareholders of an aggregate of 22,250,800 Sale Shares at the Placing Price (representing approximately 28.0% of the Enlarged Ordinary Share Capital and raising aggregate gross proceeds of £36 million for the Selling Shareholders). The Placing Shares will represent approximately 40.0% of the Enlarged Ordinary Share Capital following Admission.

14. Reasons for Admission and Use of Proceeds

Ashtead Technology Holdings is seeking Admission and raising approximately £51.6 million through the Placing. £15.5 million of the funds raised pursuant to the Placing will be used to reduce the Group's indebtedness, providing capacity for the Group to continue its clear and focused bolt-on acquisition strategy, with £36 million facilitating a partial exit for existing shareholders. The Board is confident that Admission will provide a strong, long-term platform for future growth and allow the management team to deliver low double-digit organic revenue growth augmented by further bolt-on acquisitions.

15. Relationship Agreements

On 18 November 2021 the Company entered into separate relationship agreements with Buckthorn Partners and APICORP. Under each Relationship Agreement, Buckthorn Partners and APICORP shall, and have agreed to use their respective reasonable endeavours to procure that each of their associates shall, among other things:

- not take any action that is intended to preclude or inhibit the Company or any other member of the Group from operating independently of Buckthorn Partners and APICORP at all times;

- make and conduct all transactions and arrangements with the Company on an arm's length and normal commercial basis;
- not take any action that would have the effect of preventing the Board from being comprised of at least a majority of Directors who are independent of Buckthorn Partners and APICORP and their respective associates;
- not take any action that would have the effect of preventing the Directors, the Company or any other member of the Group from complying with obligations under any applicable laws;
- where the Company or any member of the Group has entered into a contract or other arrangement with either of Buckthorn Partners or APICORP and/or any of their respective associates, ensure that the relevant shareholder and/or any of their respective associates procures that any decisions as to the implementation, amendment or enforcement of such contract or arrangement are taken independently of them and (in so far as they are able) their respective associates; and
- exercise any of their voting or other rights and powers as shareholders of the Company to procure that:
  - the Group is managed for the benefit of shareholders as a whole and independently of Buckthorn Partners and APICORP and their respective associates, rather than for the benefit of any particular shareholder or group of shareholders of the Company;
  - subject to the applicable laws and the provisions of each of the Relationship Agreements, the Company is managed in accordance with the QCA Corporate Governance Code.

In addition, the Relationship Agreement with Buckthorn Partners provides that Buckthorn Partners shall have the right to appoint one non-executive director to the board for so long as Buckthorn Partners owns 10% or more of the Company's issued Ordinary Shares.

16. Lock-in Arrangements

Pursuant to the Placing Agreement, the Company has undertaken to Numis (subject to certain limited customary exceptions) not to issue any new Ordinary Shares prior to the date falling 180 days from Admission without the prior written consent of Numis.

Pursuant to the Placing Agreement, each Director has undertaken to Numis (subject to certain limited customary exceptions) not to dispose of any Ordinary Shares held by them prior to the date falling 12 months from Admission without the prior written consent of Numis.

Pursuant to the Lock-in Agreements, each Selling Shareholder has undertaken to the Company and Numis (subject to certain limited customary exceptions) not to dispose of the Ordinary Shares held by them following Admission or any other Ordinary Shares which they may acquire as a result of their holding of such shares at any time prior to the date falling 180 days from Admission (the "**Lock-in Period**") without the prior written consent of Numis. Each Selling Shareholder has also undertaken to the Company and Numis not to dispose of their Ordinary Shares following the expiry of the Lock-in Period otherwise than through Numis (subject to certain limited customary exceptions) for the period of 180 days following the expiry of the Lock-in Period.

17. Employee Share Plans

Summary of the Plan

The Company has adopted the Ashtead Technology Long Term Incentive Plan ("**LTIP**"), which will operate on and following Admission.

The purpose of the LTIP is to retain and incentivise Executive Directors and employees whose contributions are essential to the continued growth and success of the business of the Company, in order to strengthen their commitment to the Company and, in turn, further the growth, development and success of the Company.

The LTIP provides for the grant of options at nil cost over the ordinary shares in the Company ("**Options**") which are subject to a combination of performance and time vesting.

Eligibility

Employees and Executive Directors of the Group are eligible to participate in the LTIP at the discretion of the Board.

Administration of the LTIP

The Board has the authority to operate, manage and administer the LTIP, but the Remuneration Committee will generally do so in practice as a duly authorised committee of the Board.

Grant of Options

The Board can, at its discretion, grant Options at any time. Options will generally be subject to conditions relating to time and performance.

Each Option entitles a participant to the right to acquire a specified number of shares upon exercise of the Option, following vesting. On exercise of the Option, no payment shall be due from the Option holder for the shares subject to the Option. Each Option granted under the LTIP is evidenced by an Option Certificate in a form prescribed by the Board. The Option Certificate will set out the individual terms and conditions which apply to each Option.

It is anticipated that the performance period for vesting will generally be three years; however, the initial grant of Options will vest annually in three equal tranches following the date of grant reflecting the fact that historical awards have not been made. On the anniversary of the date of the initial grant, Options will vest in proportion to the attainment of an Adjusted EBITDA hurdle for that year (which will be expressed as Adjusted EPS following Admission). It is anticipated that future grants of Options will vest after three years in proportion to the attainment of an Adjusted EBITDA hurdle over the vesting period. The vesting criteria for the years ending December 2022, December 2023, and December 2024 are outlined below:

	Year Ending December 2022	*Year Ending December 2023*	*Year Ending December 2024*
Adjusted EBITDA needed for full vesting	£27 million	£31 million	£35 million
Adjusted EBITDA needed for 25% hurdle vesting	£24 million	£27 million	£30 million

Where the Company attains the Adjusted EBITDA figure needed for 25% hurdle vesting, 25% of the Options for that year will vest. At or above the full vesting hurdle, 100% of the Options for that year will vest. Any percentage vesting in between will be linearly interpolated. If the Company has attained an Adjusted EBITDA figure below the 25% hurdle, no Options will vest.

It is intended that the total shares subject to Options granted to each of the Chief Executive Officer and Chief Financial Officer on Admission will have a value of up to 200% of base salary (by reference to the Offer Price) and lower grant levels will apply to other participants.

Following the year ending December 2021, it is intended that Options will be granted each year within six weeks of the announcement of annual results.

Plan Limits

Options may not be granted where the grant would result in the total number of dilutive shares exceeding 10% of the issued share capital of the Company.

For the purposes of this limit, no account will be taken of any shares where the right to the shares has lapsed or of any awards made prior to Admission.

Termination of employment or engagement

An Option may only be exercised if the relevant participant is an employee or director of any company within the Group, unless the Board exercises its discretion to allow otherwise.

Certain leavers may be permitted to retain all or a proportion of their Options, subject to a potential requirement to exercise them during a limited period, depending on the circumstances of their cessation.

Corporate events

In the event of a takeover or winding-up of the Company (not being an internal corporate reorganisation), the Options will immediately vest in full. However, the Board may, in its discretion, determine that some or all of the Options will vest pro-rata instead, based on the extent to which performance conditions have been met.

Cash settlement

The Board may decide to satisfy Options by paying an equivalent amount in cash, although it does not currently intend to do so.

Variation of share capital

In the event of any variation of the Company's share capital, demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Board may make such adjustment as it considers appropriate, including to the number or class of shares comprised in Options, in order to ensure that the LTIP participants are not materially prejudiced by any such event.

Amendments

The Board may amend the terms of the LTIP or any Options granted under the LTIP. Any such amendment can be retroactive, but cannot be inconsistent with the terms and conditions of the LTIP or materially impair the accrued rights of a participant without their consent.

Termination

The LTIP shall terminate upon the tenth anniversary of its adoption by the Company, unless terminated earlier by the Board in its discretion. Termination of the LTIP shall be without prejudice to the subsisting rights of participants. Any Option which has not previously lapsed, vested or been exercised will lapse automatically on the tenth anniversary of the date of the grant.

18. Admission to Trading, Settlement and Dealing Arrangements

Application has been made to the London Stock Exchange for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 23 November 2021.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST).

19. CREST

CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred other than by written instruction. The Articles permit the holding of Ordinary Shares under the CREST system. Application has been made for all of the Enlarged Ordinary Share Capital to be eligible for admission to CREST with effect from Admission. Accordingly settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if the individual Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

20. Corporate Governance

The Directors acknowledge the importance of high standards of corporate governance and intend to apply the principles of the QCA Corporate Governance Code for Small and Mid-Size quoted companies 2018 as far as they consider appropriate for a company of Ashtead Technology Holdings size and nature. The QCA Corporate Governance Code sets out a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Company Secretary, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Board Committees

The Company will, upon Admission, have Audit, Nomination and Remuneration Committees.

The Audit Committee will have Tony Durrant as Chairman, and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to its accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least twice a year. Bill Shannon and Thomas Thomsen will be the other members of the Audit Committee.

The Nomination Committee will have Bill Shannon as Chairman, and will identify and nominate for the approval of the Board candidates to fill board vacancies as and when they arise. The Nomination Committee will meet at least once a year. Tony Durrant, Thomas Thomsen, Joe Connolly and Allan Pirie will be the other members of the Nomination Committee.

The Remuneration Committee will have Tony Durrant as Chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least once a year. Bill Shannon and Thomas Thomsen will be the other members of the Remuneration Committee.

No member of the Audit, Nomination and Remuneration Committees have any potential conflicts of interest between any of their duties to the Company and their private interests and/or other duties, save for Joe Connolly's partnership of Buckthorn Partners LLP.

21. Share Dealing Code

The Company will adopt, with effect from Admission, a share dealing code for directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules) and the Company will take all reasonable steps to ensure compliance by the directors and relevant employees.

22. Concert Party and the application of the Takeover Code

- ***Concert Party***

  The City Code on Takeovers and Mergers (the "**Takeover Code**") applies to the Company. Under the Takeover Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" for these purposes means an interest or interests in shares carrying in aggregate 30% or more of the voting rights of the company, irrespective of whether the interest or interests give de facto control.

Buckthorn Partners and APICORP as founders of the Group, are considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code following Admission (the "Concert Party").

Immediately following Admission and assuming the issue of 9,582,000 New Ordinary Shares as described in paragraph 13 of this Part I, members of the Concert Party will hold, in aggregate, 44,349,950 Ordinary Shares, representing 55.7% of the Company's issued share capital.

The Concert Party members and their respective holdings are detailed below:

	Before Admission		*Following Admission*	
Shareholder	*Number of Ordinary Shares*	*Percentage of Existing Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Buckthorn Partners[(1)]	40,881,946	58.4%	27,886,857	35.0%
APICORP[(1)]	24,134,781	34.5%	16,463,039	20.7%

(1) The interests of Buckthorn Partners and APICORP are held via their indirect interest in BP Newco and direct interest in BP Bidco (whose interests in the share capital of the Company are disclosed in paragraph 6 of Part VII of this document).

- ***Mandatory Bid***

  Under Rule 9 of the Takeover Code ("**Rule 9**"), where any person acquires an interest in shares (as defined in the Takeover Code), whether by a series of transactions over a period of time or not, which (taken together with shares in which persons acting in concert (as defined in the Takeover Code) with that person are interested) in aggregate, carry 30% or more of the voting rights in a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

  Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in aggregate carry not less than 30% of the voting rights of such a company but does not hold shares carrying more than 50% of such voting rights, a general offer will normally be required if any further interests in shares are acquired by such person, or any person acting in concert with that person, which increases the percentage of shares carrying voting rights in which that person is interested.

  An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with that person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

  Immediately following Admission and assuming the issue of 9,582,000 New Ordinary Shares as described in paragraph 13 of this Part I, the Concert Party will be interested in, in aggregate, 44,349,950 Ordinary Shares, representing approximately 55.7% of the Company's issued share capital. On admission, the members of the Concert Party will between them hold more than 50% of the Company's voting share capital and may accordingly increase their aggregate interests in Ordinary Shares without incurring any obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interests in Ordinary Shares through or between a Rule 9 threshold without Panel consent.

23. Taxation

Information regarding taxation is set out in paragraph 1 of Part VI of this document. These details are intended only as a general guide to the current tax position in the UK. **If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.**

24. Further Information

You should read the whole of this document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to V (inclusive) of this document which contain further information on the Company.

Part II

Risk Factors

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

It should be noted that the risks described below are not the only risks faced by the Company and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Company's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

Risks relating to the Group

Demand for the Group's products and services may be adversely impacted by a fall in the levels of expenditure by offshore energy companies involved in the oil and gas and renewable energy industries

Demand for the Group's products and services is dependent on expenditure by offshore energy companies in developing and maintaining renewable energy infrastructure and oil and gas companies on field development, operations and decommissioning of offshore oil and gas facilities and related infrastructure.

The level of expenditure by renewable energy companies will affect demand for the Group's products and services, or the prices at which the Group can charge for its products and services, with such expenditure being influenced by a number of factors, including unexpected changes in energy transition, alternative energy sources and the continuation of a favourable regulatory climate. In the event that there are any unexpected changes in the pace of energy transition, or competition from alternative energy sources such as solar or onshore wind, or that less favourable regulatory policies are introduced, these may adversely affect demand for the Group's products and services and in turn, its business, financial condition, results of operations and prospects.

Further, the level of expenditure by oil and gas companies is subject to economic and political influences at global, regional and local levels, and therefore cannot be predicted with certainty. Any significant fall in that level of expenditure, including where decisions are made to postpone capital or operational expenditure, may adversely affect demand for the Group's products and services, or the prices which the Group can charge for its products and services, and also its business, financial condition, results of operations and prospects.

The Group's revenues, cash flow and earnings may vary in any period depending on a number of factors, including seasonal effects of the weather, fluctuations in demand for the Group's services and duration of the Group's projects

Cancellations, early completion or termination of projects, renegotiations or changes in project schedules, scopes and timing could affect the forecast revenue, cash flow and earnings of the Group. Accordingly, there can be no assurance that the revenues estimated from awarded contracts or customer discussions will be realised. Given the cost structure of the Group a fall in revenues can have a disproportionate impact on earnings. If the Group was to experience significant cancellations, early completion or termination, changes in project schedules, scopes and timing, or force majeure events, its business, financial condition, results of operations and prospects may be adversely affected.

Additionally, the Group is subject to seasonal variations in project activity due to changes in the weather in a number of regions in which it operates which could cause the Group's customers to have to cease temporarily or reduce the scope of their offshore operations. In particular, winter sea conditions in the North Sea and Middle East, hurricane season in the Gulf of Mexico and the monsoon season in South East Asia can impact offshore project activities requiring the Group's customers to cease or reduce the scope of their offshore operations during certain parts of the year, resulting in lower demand for the Group's products and services. There can be no guarantee that these seasons will not extend in duration or become more erratic, causing the Group disruption and lower demand for longer periods, adversely affecting the Group's business, financial condition, results of operations and prospects.

The COVID-19 pandemic has adversely affected the Group's ability to mobilise workers and equipment, its ability to interact with its customers and the Group's customers' ability to mobilise their vessels, equipment and crew

The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions, as well as quarantine, self-isolation and other emergency measures imposed by various governments across the world. The Group relies on staffing projects with employees with the appropriate technical expertise and knowhow. As a result of government responses and travel restrictions, the Group's ability to send key workers and contract resources cross border to its own international facilities or to project locations where they are needed has been significantly impacted. Expatriate workers and anyone working on customer vessels have at times been required to self-isolate which has resulted in the need for an enlarged workforce. Further, in some instances where national borders remain shut, the Group has had to rely on local employees to perform certain functions which has also delayed the internationalisation of acquired product and service lines. There is limited visibility as to when these restrictions will be lifted and accordingly the Group will continue to have to bolster its work force and rely on its local work force in the interim period, which is neither efficient nor cost effective and could adversely affect the Group's business, financial condition, results of operations and prospects.

The restrictions, closures and measures mentioned above have also resulted in delays in and disruption to the Group's supply chains, leading to longer lead times for equipment spares and new equipment. There can be no assurance that such supply chain issues will not continue and worsen, potentially leading to the scarcity of critical spares and inventory or significantly increased costs as demand increases and supply diminishes. The Group's customers are also having to deal with these difficulties and this could affect the ability of such customers to mobilise their vessels, equipment and crew needed to undertake projects, which may in turn adversely affect demand for the Group's products and services.

In addition, the United Kingdom's withdrawal from the European Union and single market has resulted in additional administrative and logistical complexities which the Group is required to navigate. In particular, the Group is faced with additional requirements when transporting equipment to and around Europe. There can be no assurance that these requirements will always be navigated successfully and that the equipment will arrive at its destination at the appropriate time.

Each of these factors could adversely affect the Group's business, financial condition, results of operations and prospects.

The COVID-19 pandemic has had a negative impact on worldwide economic activity and may have an ongoing impact on the Group's business

The rapid, global spread of COVID-19 and its variants has adversely affected the global economy and has resulted in significant volatility in financial markets, volatility in the price of and the demand for energy and has reintroduced risks relating to quantitative easing, monetary accommodation and fiscal discipline. Government measures taken in response to the COVID-19 pandemic, including quarantine and lockdown orders, as well as other indirect effects from the COVID-19 pandemic on global economic activity, have resulted in some degree of global economic downturn. Operationally, business continuity planning and face-to-face business development activities have been and remain challenging in many countries. The response to the pandemic has varied by jurisdiction, with authorities imposing different requirements, often changing as the crisis evolved and continuing to do so. Almost all of the Group's operations were impacted to a degree by changed protocols or working practices. While the Group engaged with relevant government authorities and advisors to ensure that the responses and measures implemented focused on the health of the Group's workforce, the COVID-19 pandemic continues to create significant uncertainty for the Group's business. The factors creating this uncertainty may affect the continuity of operations, the availability of essential staff and contractors, the availability and timeliness of new equipment and spares used to maintain the Group's subsea equipment rental fleet, as well as the stability of the offshore energy market on which the Group is dependent.

Future spread of COVID-19, including in areas where the Group's facilities and customer's project activities are located, may result in greater risk of exposure to employees, and the Group may respond by curtailing, rescheduling or suspending operations or be required to do so by the relevant authorities. In addition, the Group's customers or suppliers may seek to release themselves from their contractual obligations by claiming that the ongoing pandemic and associated government responses constitute a force majeure event. Furthermore, the liquidity of the Group's customers and suppliers may be impacted by the COVID-19 pandemic, potentially leading to increased credit risk if the economic downturn and government-imposed measures to curb the spread of the COVID-19 pandemic continue for an extended period of time.

The impact of the COVID-19 pandemic on the Group's business going forward will depend on a range of factors which are not possible to predict accurately, including the duration and scope of the pandemic, the geographies impacted, the efficacy and rate of vaccinations, the impact of the pandemic on economic activity and the nature and severity of measures adopted by governments, including restrictions on travel, mandates to avoid large gatherings and orders to self-quarantine or shelter in place. The COVID-19 pandemic led to sharp reductions in global growth rates and the ultimate impact on the global economy remains uncertain. Accordingly, the COVID-19 pandemic may have significant negative impacts in the medium and long-term, including on the Group's business, financial condition, results of operations and prospects.

Breach of export controls and changes in global trade policies and economic sanctions could significantly adversely impact the Group's operations

Certain pieces of the equipment used by the Group are subject to export controls, often as a result of being manufactured in the United States or because of the dual use classification of equipment with the potential to have a military function. The Group uses and exports this equipment under licences prohibiting its export to or use in certain jurisdictions. Whilst the Group maintains comprehensive logs and registers of such equipment's intended use and location, ensures all employees receive relevant training, only transacts with reputable customers and seeks to adhere to all applicable relevant licence terms, there can be no assurance that the Group will always comply with applicable laws and regulations in the future. Any failure to comply with such laws and regulations may result in reputational damage to the Group, administrative and civil penalties, criminal sanctions or the suspension or termination of the Group's operations each of which could adversely affect the Group's business, financial condition, results of operations and prospects.

Any violation of anti-bribery or anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, the United Kingdom Bribery Act or other similar laws and regulations, could result in significant expenses, divert management attention, and otherwise have a negative impact on the Group

A limited portion of the Group's revenue is generated by the Group operating in countries known to have a reputation for corruption. The Group's business is subject to the risk that the Group, its affiliated entities or

its or their respective officers, directors, employees, agents and representatives may take action determined to be in violation of anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**"), the United Kingdom Bribery Act 2010 (the "**U.K. Bribery Act**"), and similar laws in other countries. Any violation of the FCPA, the U.K. Bribery Act or other applicable anti-corruption laws could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect the Group's business, results of operations or financial condition. Actual or alleged violations could also damage the Group's reputation and ability to do business. In addition, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of the Group's senior management.

The Group must incur capital and operating expenditures to maintain its equipment rental fleet, and may be required to make additional capital expenditures to maintain its competitiveness, to comply with laws and the applicable regulations and standards of governmental authorities and organisations, or to expand its fleet

The Group must incur capital and operating expenditures on its equipment rental fleet to remain competitive and provide good quality, reliable equipment. Future changes in subsea technology, customer requirements for new or upgraded equipment and competition within the Group's industry may require it to make significant capital expenditures in order to maintain its competitiveness. In addition, changes in governmental regulations, safety or other equipment standards may require the Group to make additional unforeseen capital expenditures. As a result, the Group may be required to retire or upgrade certain products with corresponding losses of revenues in order to make such upgrade alterations or to replace equipment with newer models. In unfavourable market conditions, such expenditures may not be justifiable or enable the Group to operate older equipment profitably. Furthermore, a limited number of equipment and third party suppliers may be contracted for the supply of certain materials or components. These suppliers may not be able to meet agreed minimum levels of supply. Failure to obtain a continued supply of components on competitive terms or at all could adversely affect the ability of the Group to maintain its equipment rental fleet effectively.

In addition, the Group's operating and maintenance costs will not necessarily fluctuate in sync with changes in its operating revenues. The cost of operating an equipment rental fleet is generally semi-variable to utilisation activity regardless of the day rate being earned. During times of reduced pricing, reductions in costs may not be immediately implemented or possible. In general, labour costs increase primarily due to higher salary levels and inflation. Equipment maintenance expenses fluctuate depending upon utilisation activity of the equipment rental fleet, the types of equipment being rented and the age and condition of the equipment.

The Group may also require additional capital in the future, which the Group may be required to fund from additional borrowings or the issuance of debt or equity securities and there can be no assurance that the Group will be able to raise such funding at the relevant time.

Any failure to obtain the funds for necessary future expenses on acceptable terms, in time, or at all, in order to cover the instances where capital expenditure and/or operating expenditure is not in sync with operating revenues, or where unforeseen capital expenditures arise, or where third party suppliers fail to supply material or components as anticipated, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is dependent on a relatively small number of customers for a significant proportion of its revenue

A significant proportion of the Group's revenue in any year may be derived from a relatively small number of customers. If the Group is unable to maintain strong relationships with this core group of customers or fails to offer such customers a high level of service, including with respect to the quality of the products and services provided and their timely delivery, the business, financial condition, results of operations and prospects of the Group may be adversely affected.

The loss of any of these or similar customers would reduce the availability of repeat business on which the Group depends for its future business. There can be no assurance that further projects will be secured from the Group's existing customers, or that new projects will be obtained from new customers. Additionally, irrespective of the quality of the products and services supplied by the Group, the Group may also be restricted from growing its revenue in relation to existing customers if existing customers' demand for such products and services has been satisfied at the relevant time.

There can be no assurance that the Group's strong relationships with its core customer base will be maintained or that strong relationships with new customers will be established. In the event that the Group is unable to maintain its core customer base or establish strong customer relationships with new customers, the Group's business, financial condition, results of operations and prospects could be materially adversely affected.

The Group relies on IT systems, including Microsoft Dynamics software, which may fail to operate effectively or be subject to disruption and are subject to cyber-security risks and threats

The Group uses technologies, systems, and networks to conduct the majority of its operations, to collect payments from customers and to pay vendors and employees and the Group continuously seeks to upgrade and improve these IT systems. The risks associated with cyber incidents and attacks to the Group's information technology systems, including Microsoft Dynamics software, could include disruptions to the supply of products and services to the Group's customers; temporary disruptions relating to the implementation of upgrades and improvements; other impairments of the Group's ability to conduct its operations; loss of intellectual property, proprietary information or customer data; disruption of the Group's customers' operations; and increased costs to prevent, respond to or mitigate cybersecurity events. If the Group were to experience a cyber-attack or other disruptive incident relating to its IT systems, it could adversely affect the Group's financial position, results of operations and cash flows.

The Group conducts its business within an increasingly strict environmental and health and safety regime and may be exposed to potential liabilities and increased compliance costs as well as the risk of non-compliance, which could result in fines, increased costs, suspension or permanent shut down of activities and reputational damage

The Group is subject to laws and regulations governing activities that may have adverse environmental effects, such as discharges to air and water and the handling, storage and disposal of hazardous wastes and substances. It is the nature of such laws and regulations that they are subject to change and tend to become more stringent over time. The operations of the Group are also subject to various health and safety laws and regulations. Whilst the Group is in material compliance with applicable environmental and health and safety laws, there can be no assurance that breaches by the Group of such laws have not occurred or will not occur or be identified or that such laws will not change in the future in a manner that could materially and adversely affect the Group.

Environmental and health and safety laws and regulations may also impose obligations to investigate and remediate, or pay for the investigation and remediation of, environmental pollution or contamination, or pay compensation to public and private parties for related damages. Whilst the Group will seek to comply with any such obligations, there can be no assurance that remediation will not be required or that third party claims in respect of pollution or contamination will not arise in the future which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group's growth in the longer term may be dependent on the availability of financing and difficult conditions in the credit markets may adversely affect the ability of the Group to pursue its strategy, particularly with respect to taking advantage of acquisition opportunities

Future projects arising in the longer term, which are as yet unplanned and unforeseen, may depend upon the Group's ability to obtain financing through debt financing and other means. There can be no assurance that the Group will be successful in obtaining such financing or that the cost of such financing or the other applicable terms of such financing will not make such financing more onerous than financing available to the Group at present. Moreover, if, having obtained financing for any such future projects, any or all of the facilities fail to be made available, or are withdrawn after utilisation, or if financial guarantees are not

provided or are required to be cash collateralised, this may affect the Group's ability to implement any future growth plans which may have a material adverse effect upon the business, financial condition, results of operations and prospects of the Group. Furthermore, the Group's ability to grow inorganically or to undertake new projects by way of mergers or acquisitions may be constrained.

In addition, if the Group is unable to fund the capital expenditures necessary to realise its strategy from its existing cash resources, the proceeds of the Offer and its cash flows from operations, it may be required to either incur additional borrowings, raise capital through the sale of additional debt or equity securities or scale back its expansion strategy and acquisitions. The Group's ability to access the capital markets may be limited by its financial condition at that time, by changes in laws and regulations or the interpretation thereof and by adverse market conditions resulting from, among other things, general economic, political and social conditions prevailing in the countries where the Group operates or is incorporated and elsewhere and contingencies and uncertainties that are beyond its control. Any failure to obtain the funds for necessary future capital expenditures on acceptable terms or at all could prevent the Group from realising its strategy, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates in highly competitive industries and its ability to compete successfully depends on its ability to provide and service high quality products and services

Contracts for the Group's services and products are generally awarded following a competitive tendering process. The Group competes with a number of multi-national and regional competitors in the markets in which the Group operates, some of which are part of larger companies than the Group and may also have greater financial resources at their disposal. While service quality, technological capacity and performance and personnel, as well as reputation and experience, are considered in customer decisions, price and other financial terms are nonetheless significant factors in most tender awards. The Group's industry has frequently been, and continues to be, subject to price competition. If price competition was to continue and/or intensify in the future or if competitors are able to offer better financial terms to customers than those which the Group is able or prepared to offer (including but not limited to the price, or payment terms), the number of tenders meeting the Group's current margin criteria or its future margin criteria could decline and the Group's business, financial condition, results of operations and prospects may be adversely affected. Further, if lower cost competitors are able to gain the confidence of and/or creditability with the Group's potential customers, or if current competitors, new entrants to the market or alternative users are able to secure appropriate equipment, they may be able to gain market share or otherwise restrict the Group's ability to grow. In addition, there can be no assurance that the increasing propensity of the Group's customers to outsource their equipment needs is a trend that will continue and that in the future such customers will not choose to own and use their own equipment. There can be no assurance that these developments will not adversely affect the market position, financial condition, results of operations and prospects of the Group.

The Group's business involves operating hazards, and its insurance and indemnities from the Group's customers may not cover all risks or expenses to which the Group is exposed

Providing subsea equipment rental, services and solutions is an inherently dangerous activity and the Group's operations are subject to the hazards inherent in provision of such services and solutions. These hazards include damage to customer vessels, equipment and personnel, subsea infrastructure damage, reservoir damage, loss of production, equipment defects, fires, explosions and pollution. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. While the Group maintains insurance policies, deploys detailed health, safety and environment management systems and runs continuous training and awareness programmes, this cannot provide complete assurance against non-compliance by personnel or against the possibility of accidents. The Group cannot ensure that it can maintain low recordable incident rates or that worker or third party injuries or fatalities will not occur as a result of accidents or unforeseen events.

The Group's insurance policies and service contracts contain rights to indemnities intended to cover certain losses, but there can be no assurance that such insurance and/or indemnities will prove adequate. The Group does not have insurance coverage or rights to indemnities for all possible risks.

The Group maintains three main types of insurance coverage: (i) marine insurance for physical damage to its equipment rental fleet, (ii) employers and general liability insurance and (iii) property insurance. The Group's insurance coverage, however, includes per incident and aggregate policy limits. As a result, the Group generally retains the risk for any losses in excess of these limits. In addition, the Group could decide to retain more risk in the future, resulting in higher risk of losses, which could be material. In the event that the Group incurs losses due to lost revenue or other eventualities in the future, which are not covered by insurance, such losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Moreover, even with adequate insurance, the occurrence of a recoverable loss may still have a material adverse effect on the Group's operations due to the lead time required to put the Group back in the position it would have been in before a loss, such as would be the case if there were a fire or other type of damage to the Group's facilities. Additionally, the Group is always required under its customer contracts to maintain adequate insurance and there is a risk that the Group, in the future, may have to take out policies at a rate that it does not consider reasonable. Similarly, there is a risk that the Group may not be able to obtain insurance against certain risks on economically justifiable terms, including property hurricane damage risk in the United States.

Damage to the environment could also result from the Group's operations, particularly through the discharge of fuel, lubricants or other chemicals and substances used in subsea equipment operations or extensive uncontrolled fires. The Group may also be subject to property damage, environmental indemnity and other claims by its customers. Although the Group's contracts generally require its customers to indemnify it against such risks, there can be no assurance that the customers will do so or that the Group will not otherwise be held liable. In addition, a court or a relevant arbitral tribunal may decide that certain indemnities in the Group's current or future service contracts are not enforceable and that contractual indemnities for criminal fines and penalties are against public policy, and the enforceability of an indemnity as to other matters may be limited. It should also be noted that the Group's insurance policies form part of the security package pledged under the Group's bank loans and credit facilities and, in circumstances which constitute a default under any of the Group's loans or facilities, there is a risk that any claims and or payments under such insurance policies become subject to the relevant lender's control and cannot be freely pursued or applied by the Group.

The Group's business is subject to risks resulting from product defects, faulty workmanship or errors in design

The Group sets processes and procedures for various aspects of the business based on industry benchmarks such as the International Standards Organisation ("**ISO**), monitor the effective implementation of the suggested processes and procedures, undertake preventive and corrective action, and manage other certified systems, such as ISO9001. However, whilst the Group monitors compliance with relevant industry standards, certain customers insist on compliance with even more exacting standards. The services and equipment provided by the Group may contain faulty workmanship, errors in design, manufacturing defects or other errors or failures that are not detected by monitoring procedures. To the extent that the Group incurs substantial claims of this nature in any period, its reputation and ability to obtain future business could be materially and adversely affected, which could have a material adverse effect upon the Group's financial condition, results of operations and prospects.

The Group depends on the performance of its Directors, Senior Management and other essential employees

The Group's business depends on the efforts, expertise and experience of its Directors, Senior Management and other essential employees, a number of whom have joined the Group within the last four years. These individuals are instrumental in setting the Group's strategic direction, operating its business, monitoring systems and the performance of the Group under its contracts and implementing the financial position and prospects procedures referred to above, as well as identifying, recruiting and training key personnel, and identifying business opportunities. Also, within this team the Group relies on certain individuals for the management of its external relations with customers, governments and other authorities, and other key contacts. The Group has employment agreements with all of its Directors and its Senior Management that

provide for specified notice periods; in addition, the employment agreements in respect of the Executive Directors and Senior Management include non-compete and non-solicit provisions, however, the Group does not maintain key man life insurance policies for its Directors or Senior Management.

If, for any reason, the services of any member of the management team were to be lost or curtailed, the Group's business and thereafter financial condition, results of operations and prospects could be adversely affected. Moreover, there can be no assurances that the Group could quickly replace these employees with persons of equivalent experience and capabilities without significant additional cost, or at all.

The Group relies on long term or strategic relationships and relationships with local parties in certain jurisdictions

The Group relies on continuing existing strategic relationships and forming new ones with other entities such as local partners. The Group may be unable to achieve its operational and financial objectives for a geographic region if one or more of its local partners is prevented, either temporarily or permanently, by key customers from undertaking works or performing services in target markets, whether for such customers or for third parties.

The Group may be liable for, and suffer reputational damage as a result of, acts and omissions of local partners that cause loss or damage. Although contractual arrangements with such parties may allocate risk between the parties and apportion liability for such matters, unanticipated acts or missions may not be covered by such contractual arrangements. Furthermore, as stated above, the Group may not be able to obtain adequate legal remedies against such persons or such persons may not have the resources to meet any such claims, if awarded. Any such loss or damage caused by a local partner of the Group could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group also depends on its relationships with its local sponsor in order to facilitate its business operations in the UAE. TES Survey Equipment Services LLC, as a UAE incorporated company, was, when it was incorporated, subject to a requirement for a UAE shareholder or a company that is not wholly owned by UAE nationals (a "**UAE National**") to hold 51% of the shares in TES Survey Equipment Services LLC. Although there are provisions in place pursuant to which the economic benefits attached to the shares held by Professional Partnership Investments LLC (who satisfies the UAE nationality requirement) have been assigned to Ashtead Technology which holds the remaining shares in TES Survey Equipment Services LLC, and these sorts of arrangements are not uncommon practice in GCC states, such provisions may be held to be unenforceable.

There can be no assurance that the Group's existing relationships will continue to be maintained or that new ones will be successfully formed. Any failure by the Group to maintain existing relationships or form new ones could materially adversely affect the Group's business, results of operations and financial condition.

Attempts by the Group to expand through merger and acquisition activity may be unsuccessful

Part of the Group's strategy involves the expansion of its operations through merger and acquisition activity so as to gain exposure to new geographies and consolidate and grow its presence in existing geographies and markets through product and service expansion.

There can be no assurance, however, that the Group will be able to acquire or merge with any additional businesses at commercially attractive values. Investment costs and prevailing economic conditions will affect both the timing and scale of the Group's expansion and acquisition strategy. In particular, increasing energy prices may increase competition for businesses, which may result in increased prices. Accordingly, there can be no assurance that the Group will acquire suitable businesses or that it will achieve the contemplated economic benefits from such acquisitions. The Group's ability to integrate and internationalise acquired businesses may also be adversely affected by the restrictions imposed by various governments across the world as a result of the COVID-19 pandemic. Furthermore, there can be no assurance that the anticipated transition to renewable energy will materialise as quickly as expected which may undermine the Group's strategy to focus on acquisitions with potential growth in this sector.

The Group may not be able to renew or obtain new and favourable contracts which are expiring or are terminated nor that framework agreements entered into by the Group with respect to rental business will generate the expected revenues

The Group's ability to renew expiring contracts, obtain new contracts or generate expected revenue from existing framework agreements is dependent upon the prevailing market conditions at the time and the Group's pricing, performance record and reputation, among other factors. If the Group is unable to obtain new contracts following the expiration of its current contracts, or if new contracts are entered into at day rates substantially below the existing day rates or on terms otherwise less favourable as compared to current contract terms, or if revenues generated by the Group's rental business framework agreements are less than expected, the Group's revenues and profitability could be adversely affected.

Although the Group has historically typically extended the term of its contracts and is in negotiations to extend the current terms of certain of its existing contracts, the Group may be unable to obtain contracts for existing and future projects, and there may be gaps in the operation of projects during which the Group's equipment would not generate revenue.

There can be no assurance that the framework agreements entered into by the Group with respect to rental business will generate the expected revenues. In addition, there can be no assurance that the Group will renew or secure service project contracts on rates and terms that will provide a reasonable rate of return. Any failure to generate profitable revenue in the future could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group also requires certifications or approved vendor status in order to retain or enter into certain contracts. Although the Group has not previously lost, and intends to maintain, the pre-qualification statuses that it currently holds, if it lost pre-qualification status in any jurisdiction the Group may face obstacles to enter into new contracts. While the Group intends and expects to renew all such certifications promptly, there can be no assurance that such renewals will be successful and not subject to delays or additional costs.

The Group faces challenges in attracting and retaining sufficient numbers of skilled personnel and may not be able to manage its staffing levels efficiently in the future

The Group's operations require a workforce covering a range of engineering, managerial and trade specialists. In its geographical areas of operation the Group faces significant competition both from within the offshore energy industry and from other sectors for personnel with the skills it requires to sustain and grow its activities. If the Group is unable to attract and retain personnel with the requisite skills, the business, financial condition, results of operations and prospects of the Group may be adversely affected and opportunities for growth may be curtailed.

Furthermore, the Group's workforce requirements fluctuate due to seasonality of projects with higher demand for labour during summer months when offshore activity levels are highest. In this regard, the Group employs both a permanent and non-permanent workforce in order to assist with the alignment of its labour needs with project cycles. The Group may therefore be unable to obtain a workforce with the requisite skills and for each of its projects, which may in turn adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group is subject to the legal, economic and political conditions of operating in certain regions

The legal systems in the countries in many of the regions in which the Group operates, including the Middle East, South America and West Africa are still developing and have undergone significant changes in recent years. The interpretation of, and procedural safeguards relating to, these legal and regulatory systems are still developing; this has led to uncertainty concerning the actions that are necessary to guarantee compliance with those laws. The Group may not be able to obtain the legal remedies provided for under these laws and regulations in a timely manner, for example, in relation to the enforcement of contracts against sub-contractors, and may also be subject to legal remedies being granted in favour of counterparties. As a result, the Group may not be able to enforce its rights in full or at all and may not therefore be adequately protected. A lack of legal certainty in operating the Group's business may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

Furthermore, some countries in which the Group operates are in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that could adversely affect the Group's business in these countries. Additionally, changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates, or seeks to operate, could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export and import controls;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Any unexpected changes in the political, social, economic or other conditions in such countries, or in neighbouring countries, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

New laws and government regulations or changes to existing laws and government regulations may add to costs, limit the Group's activity or reduce demand for its services

The Group's operations are affected by political developments and by laws and regulations relating to the offshore oil and gas and renewable energy industries. The subsea services industry is dependent on demand for services from the offshore oil and gas and renewables industries. Accordingly, the Group would be directly affected by the adoption of new laws and regulations limiting or curtailing oil and gas production for economic, environmental, health, safety or other policy reasons. The Group may be required to make significant capital expenditures or incur substantial additional costs to comply with new laws and regulations. Any of these events or similar legislative or regulatory activity could adversely affect the Group's operations by limiting servicing opportunities or significantly increasing its operating costs, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Likewise, the Group may be required to make significant capital expenditures or incur substantial additional costs to comply with new laws and regulations regarding the renewable energy industry as it matures.

Liability to customers under warranties may adversely affect earnings

The Group provides warranties for the products and services it provides and for the proper operation and adherence to specifications of the engineering and subsea equipment it modifies or constructs. When provided, the Group's warranty obligations for most projects extend for a period of one year from delivery or project completion and in some cases can extend for up to two years (or even longer on rare occasions). Failure of this equipment to operate properly or to meet specifications or for services to be reperformed may increase costs by requiring additional engineering resources and services, or by requiring the Group to replace parts and equipment or provide monetary reimbursement to a customer.

To the extent that the Group incurs substantial warranty claims in any period (whether or not covered (in whole or in part) by insurance), the Group's reputation, and ability to obtain future business could be materially and adversely affected and, as a result, the financial condition, results of operations or prospects of the Group may be adversely affected.

The Group is subject to counterparty credit risk

The Group provides its products and services to a variety of contractual counterparties and is therefore subject to the risk of non-payment for products provided and services rendered or non-reimbursement of costs incurred. The contracts which the Group enters into may require significant expenditure prior to receipt of relevant payments from the customer and may expose the Group to potential credit risk or may require the Group to use its available bank facilities, including its revolving credit facility, in order to meet payment

obligations. Further, the Group may in the future offer its customers commercial terms which could have the effect of increasing counterparty credit risk to such customers, for example, by agreeing to accept a larger proportion of the project price on project completion and a lesser sum at the onset of the project.

Failure by any contractual counterparty to pay for services or products provided or to reimburse costs incurred by the Group could have a material adverse effect on the Group's cash flows and on the profitability of the relevant contract and, as a result, the financial condition, results of operations and prospects of the Group may be adversely affected.

Fluctuations in exchange rates could adversely affect the Group's financial condition, results of operations and prospects

The Group presents its financial statements in UK pounds sterling, but has substantial contracts with customers in foreign jurisdictions which generate revenues and costs in other currencies, most notably US dollars and Singapore dollars. Although the Group holds debt in both UK pounds sterling and US dollars which provides a natural hedge against currency fluctuations, it does not actively hedge against foreign currency exchange rate risk. Consequently, the income and cash flow generated by those international contracts may fluctuate with exchange rates which could adversely affect the Group's financial condition, results of operations and prospects.

The Group may be involved in litigation in the future which could adversely affect the Group's financial condition, result of operations and cash flows

The operating hazards inherent in the Group's business increase its exposure to litigation. Potential matters for litigation include, among other things, contract disputes, personal injury, environmental and other toxic tort, employment, tax and securities litigation, and litigation that arises in the ordinary course of business. The Group currently has no material ongoing civil and employment cases. However, there can be no assurance that the Group may not in the future become subject to material litigation which may have an adverse effect on the Group in light of the costs associated with, amongst other things, defending the lawsuits, civil penalties or damage awards, harm to reputation and the diversion of the Group management's resources.

Risks relating to the Ordinary Shares

Shares in the Company may be subject to market price volatility and the market price of the Ordinary Shares may decline disproportionately in response to developments that are unrelated to the Group's operating performance.

As the Ordinary Shares have not previously traded, their market value is uncertain. There can be no assurance that the market will continue to value the Ordinary Shares at the Placing Price. Following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. The Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, stock market conditions may affect the Ordinary Shares regardless of the operating performance of the Group. Stock market conditions are affected by many factors, such as general economic outlook or interest rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital. The market perception of the Group may also change potentially affecting the value of investors' holdings of Ordinary Shares and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise. Negative perceptions of the Group's competitors may result in negative market perception of the offshore energy industry as a whole, which would have an adverse effect on price of the Ordinary Shares as well as the Company's ability to raise further funds either publicly or privately. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which pertain to the Group while others of which may be outside the Group's control.

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Although the Company has applied for the Ordinary Shares to be admitted to trading on AIM, no assurance can be given that at any time after Admission a liquid market for the Ordinary Shares will develop or, if developed, could be sustained following Admission. An inactive market may also impair the Group's ability to raise equity capital in the future by further issues of Ordinary Shares in the long-term. Furthermore, the concentration of ownership by individuals affiliated with the Group may affect the liquidity of the market for Ordinary Shares on AIM and contribute to a perception that the ownership structure is not conducive to an investment decision involving the Group in the short to medium-term. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected and investors may have difficulty selling their Ordinary Shares. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. In the future, Shareholders who need to dispose of their Ordinary Shares may be forced to do so at prices that do not fully reflect the net asset value per Ordinary Share.

There is likely to be a higher risk for shares traded on AIM than on the Official List of the FCA.

Application has been made for the Ordinary Shares to be admitted to trading on AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The AIM Rules are less onerous than the rules applicable to companies whose shares are listed on the premium/primary segments of the Official List of the FCA and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the FCA. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Company's securities, cannot be guaranteed.

Further, the contents of this document have not been examined or approved by the London Stock Exchange or the FCA. It may be more difficult for investors to realise their investment on AIM than to realise an investment in a company whose shares are quoted on the Official List of the FCA.

The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements.

The Group has signalled an intention to make a modest dividend in respect of the 2022 financial year, assuming trading is in line with forecast expectations and there can be no guarantee that the Group's historical performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then its capacity to pay dividends will suffer. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions on the payment of dividends in the Group's financing arrangements (if applicable), the Group's financial position, the Company's distributable reserves, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time. There can be no assurance that the Group will pay dividends or, if a dividend is paid, what the amount of such dividend would be. Consequently, it is possible Shareholders may not receive any return on their investment unless they sell their Ordinary Shares for a price greater than that which they paid for them.

Shareholders are subject to the risk of changes in (or interpretations of) the tax treatment of the Ordinary Shares.

Changes in tax laws or subordinate legislation or the practice of any taxation authority could have a material adverse effect on the Group. An investment in the Ordinary Shares may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in Ordinary Shares may change at any time.

The issuance of additional shares in the Company in connection with future capital raisings, acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.

It is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as part of a pre-emptive offer.

Substantial sales of Ordinary Shares by Shareholders may negatively impact the price of the Ordinary Shares.

There can be no assurance that certain Shareholders will not elect to sell their Ordinary Shares following the expiry of applicable lock-in and orderly marketing arrangements contained within the Placing Agreement. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

The Company is a group holding company with no independent operations and will be dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders. As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to Shareholders therefore depends on the future profitability of the Group, the ability to distribute or dividend profits from operating subsidiaries up the structure to the Company, general economic conditions, the approval by the UK courts of the Company's planned capital reduction, and other factors the Directors deem significant. The Company's distributable reserves can be affected by reductions in profitability as well as by impairment of assets.

Overseas shareholders may be subject to exchange rate risk.

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

Pre-emption rights for US and other non-UK holders of Ordinary Shares may be unavailable.

In the case of certain increases in the Company's issued share capital, existing holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless shareholders waive such rights by a resolution at a shareholders' meeting. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future offerings. In particular, US Holders of ordinary shares in English companies are customarily excluded from exercising any such pre-emption rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. The Company does not intend to file any such registration statement, and the Company cannot assure prospective US investors that any exemption from the registration requirements of the Securities Act or applicable non-US securities law would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

The rights of holders of the Placing Shares are governed by English law.

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical US companies. The rights of holders of the Placing Shares are governed by English law and the Articles.

In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company.

Shareholders may be unable to enforce judgments obtained in US courts.

The Company is incorporated and registered in England and Wales, under the Companies Act 2006. Service of process upon the Directors and the officers of the Company, the majority of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since most of the directly owned assets of the Company and the Directors are located outside the United States, any judgment obtained in the United States against it or them may not be enforceable outside of the United States, including without limitation judgments based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. In addition, an award or awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under US securities laws.

Immediately following Admission, Buckthorn Partners and APICORP will hold in aggregate approximately 55.7% of the Shares and there could be instances where their interests diverge from those of the other Shareholders.

Immediately following Admission, Buckthorn Partners and APICORP will hold approximately 35.0% and 20.7% respectively of the Shares. On the date of this Admission Document, the Company has entered into relationship agreements with each of Buckthorn Partners and APICORP. These relationship agreements have been entered into to ensure that the Company is capable at all times of carrying on its business independently of each of Buckthorn Partners and APICORP and their respective associates. In particular, each of the relationship agreements contain undertakings from Buckthorn Partners and APICORP to, among other things: (i) conduct all transactions and arrangements with any member of the Group at arm's length and on normal commercial terms; and (ii) not take any action which would have the effect of preventing the Company from complying with its obligations under the AIM Rules. There could be instances when the interests of Buckthorn Partners and/or APICORP diverge from those of the other Shareholders. As a result, each of Buckthorn Partners and APICORP has the ability to exercise influence over the business of the Group and determine the outcome of certain matters submitted to the vote of Shareholders. In particular, they could block certain shareholder resolutions requiring the approval by more than a simple majority to pass, such as special resolutions. In addition, the influence of Buckthorn Partners and/or APICORP over the Group may have the effect of delaying or deterring a change in control of the Group, could deprive investors of an opportunity to receive a premium for their Shares as part of a sale of the Group and might affect the value of the Shares.

Part III

Historical Financial Information

Section A: Accountant's Report

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

The Directors
Ashtead Technology Holdings plc
1 Gateshead Close
Sunderland Road
Sandy
SG19 1RS

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

18 November 2021

Dear Sir or Madam

BP Inv2 Pledgeco Limited, Ashtead US Pledgeco Inc and their respective subsidiaries (together, the "HFI Group")

Introduction

We report on the financial information set out in Section B of Part III of the admission document dated 18 November 2021 of Ashtead Technology Holdings plc (the "Company") (the "Admission Document").

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the HFI Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its results, cash flows and changes in equity for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 in accordance with the basis of preparation set out in note 1 to the financial information.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and the HFI Group in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the HFI Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully
BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B: Historical Financial Information

Combined Statement of Income

For the year ended 31 December

	Note	2018 £000	2019 £000	2020 £000
Revenue	3	37,710	47,780	42,401
Cost of sales		(9,976)	(11,914)	(11,044)
Gross profit		27,734	35,866	31,357
Administrative expenses		(24,219)	(28,316)	(29,796)
Other operating income	4	760	1,210	1,547
Operating Profit		4,275	8,760	3,108
Exceptional income	6	97	–	–
Finance income	7	1	–	–
Finance costs	8	(2,499)	(3,315)	(3,849)
Profit/(loss) before taxation		1,874	5,445	(741)
Taxation (charge)/credit	9	755	(410)	(257)
Profit/(loss) for the period		2,629	5,035	(998)
Profit/(loss) attributable to:				
Equity shareholders of the invested capital		2,629	5,035	(998)
		2,629	5,035	(998)
The below financial measures are non-GAAP metrics used by management and are not an IFRS disclosure:				
Adjusted EBITDA^	30	16,883	21,919	17,037
Adjusted EBITA^^	30	7,563	12,139	6,284

^ Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation and items not considered part of underlying trading including share based payments and foreign exchange gains and losses, is a non-GAAP metric used by management and is not an IFRS disclosure. See note 30 to the combined financial information for calculations.

^^ Adjusted EBITA is calculated as earnings before interest, tax, amortisation, and items not considered part of underlying trading including share based payments and foreign exchange gains and losses, is a non-GAAP metric used by management and is not an IFRS disclosure. See note 30 to the combined financial information for calculations.

All results derive from continuing operations.

Combined Statement of Comprehensive Income

For the year ended 31 December

	Note	*2018* *£000*	*2019* *£000*	*2020* *£000*
Profit/(loss) for the period		2,629	5,035	(998)
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translation of foreign operations		264	(495)	(525)
Net loss on cash flow hedges	15	–	(243)	(108)
Other comprehensive income/(expense) for the period, net of tax		264	(738)	(633)
Total comprehensive income/(expense)		2,893	4,297	(1,631)
Total comprehensive income/(expense) attributable to:				
Equity shareholders of the invested capital		2,893	4,297	(1,631)

Combined Statement of Financial Position

	Note	*As at 1 Jan 2018 £000*	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Assets					
Property, plant and equipment	10	17,536	25,750	27,597	22,004
Goodwill	11	23,860	33,917	48,722	48,585
Intangible assets	11	–	221	3,853	2,285
Right-of-use assets	20	2,261	3,421	3,261	2,728
Deferred tax assets	9	–	698	458	747
Derivative financial instruments	15	286	313	70	–
Non-current assets		43,943	64,320	83,961	76,349
Inventories	12	9	44	1,107	1,245
Trade and other receivables	13	7,826	12,560	16,860	11,205
Cash and cash equivalents	14	7,318	2,650	4,855	10,958
Current assets		15,153	15,254	22,822	23,408
Total assets		59,096	79,574	106,783	99,757
Equity					
Equity attributable to owners of the invested capital		27,655	42,017	46,153	44,684
Total invested capital		27,655	42,017	46,153	44,684
Liabilities					
Loans and borrowings	18	20,982	23,116	41,400	36,122
Lease liabilities	20	1,992	2,994	2,799	2,333
Provisions for liabilities	16	104	140	112	134
Deferred tax liabilities	9	266	–	–	–
Non-current liabilities		23,344	26,250	44,311	38,589
Loans and borrowings	18	1,145	1,106	7,135	8,007
Trade and other payables	17	6,474	9,459	7,698	7,243
Income tax payable	9	209	230	840	515
Lease liabilities	20	269	512	646	681
Derivative financial instruments	15	–	–	–	38
Current liabilities		8,097	11,307	16,319	16,484
Total liabilities		31,441	37,557	60,630	55,073
Total equity and liabilities		59,096	79,574	106,783	99,757

Combined Statement of Changes in Equity

	Total invested capital £000
Balance at 1 January 2018	27,655
Profit for the period	2,629
Other comprehensive income	264
Total comprehensive income for the period	2,893
Transactions with owners of the invested capital:	
Dividends*	(1,492)
Movement in invested capital	12,961
Balance at 31 December 2018	42,017
Profit for the period	5,035
Other comprehensive income	(738)
Total comprehensive income for the period	4,297
Transactions with owners of the invested capital:	
Movement in invested capital	(161)
Balance at 31 December 2019	46,153
Loss for the period	(998)
Other comprehensive expense	(633)
Total comprehensive expense for the period	(1,631)
Transactions with owners of the invested capital:	
Movement in invested capital	162
Balance at 31 December 2020	44,684

* The Directors of BP INV2 Pledgeco Limited approved an interim dividend of £1,492,000 in the year ended 31 December 2018.

The movements in invested capital include the issue of share capital of both BP INV2 Pledgeco Ltd and Ashtead US Pledgeco Inc.

Combined Statement of Cash Flows

For the year ended 31 December

	2018	*2019*	*2020*
	£000	*£000*	*£000*
Cash generated from operating activities			
Profit/(loss) before taxation	1,874	5,445	(741)
Adjustments to reconcile profit/(loss) before taxation to net cash from operating activities:			
Finance income	(1)	–	–
Finance costs	2,499	3,315	3,849
Depreciation	9,320	9,780	10,753
Amortisation	8	794	1,567
Gain on sale of property, plant and equipment	(734)	(1,195)	(1,156)
Contingent consideration written back	–	(15)	–
Fair valuation of derivative financial instruments	(26)	–	–
Forgiveness of loan – US Paycheck Protection Program	–	–	(391)
Exceptional income	(97)	–	–
Provision for liabilities	34	49	5
Cash generated before changes in working capital	12,877	18,173	13,886
Increase in inventories	(8)	(208)	(154)
Increase/(decrease) in trade and other receivables	(2,571)	(1,907)	4,788
Increase/(decrease) in trade and other payables	1,406	(1,588)	109
Cash generated from operating activities	11,704	14,470	18,629
Interest paid	(1,863)	(2,531)	(2,884)
Tax paid	(208)	(521)	(763)
Net cash generated from operating activities	9,633	11,418	14,982
Cash flow from investing activities			
Acquisition of subsidiary undertakings net of cash balance	(4,226)	(24,268)	–
Contingent consideration	(340)	(1,302)	–
Purchase of property, plant and equipment	(8,806)	(9,286)	(5,073)
Disposal of property, plant and equipment	1,102	1,981	1,620
Interest received	1	–	–
Net cash outflow on investing activities	(12,269)	(32,875)	(3,453)
Cash flow from financing activities			
Loans received	–	31,462	3,409
Transaction fees	–	(671)	–
Repayment of loans	(1,483)	(4,398)	(7,863)
Payment of lease liabilities	(352)	(632)	(721)
Repayment of loan notes	–	(2,015)	–
Net cash (outflow)/inflow from financing activities	(1,835)	23,746	(5,175)
Net increase/(decrease) in cash and cash equivalents	(4,471)	2,289	6,354
Cash and cash equivalents at beginning of the year	7,318	2,650	4,855
Net foreign exchange difference	(197)	(84)	(251)
Cash and cash equivalents at end of the year	2,650	4,855	10,958

Notes to the Combined Historical Financial Information

1. Accounting Policies

1.1 ***Background***

The Group was formed on 17 November 2021 following the implementation of the Reorganisation Agreement which introduced Ashtead Technology Holdings plc as the holding company of BP INV2 Pledgeco Limited and Ashtead US Pledgeco In and their respective subsidiaries (see note 26). For the purposes of this combined historical financial information, HFI Group is defined as BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc and their respective subsidiaries.

The companies comprising the HFI Group did not form a legal group in the period covered by the combined historical financial information, however, they were under common management and control throughout the period.

The combined historical financial information presents the financial track record for the companies forming the HFI Group as at and for the three years ended 31 December 2018 ("2018"), 31 December 2019 ("2019") and 31 December 2020 ("2020"). The combined historical financial information does not constitute audited statutory accounts within the meaning of section 434 of the Companies Act 2006.

1.2 ***Basis of Preparation***

The combined historical financial information of the HFI Group has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with the basis of preparation summarised below.

The combined historical financial information of the HFI Group, which has been prepared solely for the purpose of this AIM Admission Document, has been prepared by aggregating the assets, liabilities, and results of BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc, together with their respective subsidiaries, by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements" (IFRS10). This is after the elimination of any intercompany transactions and intercompany balances between the combined entities.

This basis of preparation describes how the combined historical financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted in the UK and the IFRS Interpretation Committee Interpretations (together "IFRS"), except as described below.

1.3 ***Departure from IFRS***

IFRS do not provide guidance for the preparation of combined historical financial information. Accordingly, certain accounting conventions as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the Financial Reporting Council have been applied. The application of these conventions results in the following departure from IFRS.

In the absence of a single holding company for the combined entities, it is not meaningful to present separate components of equity, for example share capital, share premium and retained earnings. Instead, "invested capital" is presented, which represents the aggregated share capital of BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc, together with the aggregated reserves of the combined entities making up the HFI Group including amounts previously presented as non-controlling interest.

As the combined historical financial information has been prepared on a combined basis, it is not possible to measure earnings per share. Accordingly, the requirement of IAS 33 "Earnings per share" to disclose earnings per share has not been complied with.

1.4 ***Presentational Currency***

The combined financial information, unless otherwise stated is presented in sterling, to the nearest thousand.

1.5 ***Going Concern***

The combined financial information of the HFI Group is prepared on a going concern basis. The Directors of the HFI Group assert that the preparation of the combined financial information on a going concern basis is appropriate, which is based upon a review of the future forecast performance of the combined entities.

The HFI Group monitors its funding and liquidity position throughout the year to ensure it has sufficient funds to meet its ongoing cash requirements. Cash forecasts are produced based on a number of inputs such as estimated revenues, margins and overheads, collection and payment terms, and after considering capital expenditure requirements and the payment of interest and capital on its existing debt facilities. Consideration is given to bank and loan facilities that are available. In preparing these forecasts, the Directors have considered the principal risks and uncertainties to which the business is exposed which includes the ongoing challenges of COVID-19.

Taking account of reasonable changes in trading performance and bank and loan facilities available, the cash forecasts prepared by management and reviewed by the Directors of the Company indicate that the HFI Group is cash generative and has adequate financial resources to continue to trade for the foreseeable future and to meet its obligations as they fall due. Accordingly, the Directors have adopted the going concern basis in preparing the combined historical financial information.

1.6 ***First-time adoption of IFRS***

The HFI Group is preparing its financial information in accordance with IFRS for the first time and has consequently applied IFRS 1: First-time Adoption of International Financial Reporting Standards. IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior years in order to assist entities with the transition process. The HFI Group has applied the optional exemptions with regard to the restatement of past business combinations under IFRS 3 and various exemptions available in respect of the first-time adoption of IFRS 16: Leases. For further information in respect of the exceptions and exemptions applied on the first-time adoption of IFRS, refer to note 29.

1.7 ***Basis of Combination***

The combined financial information incorporates the financial information of the entities under common control during the period covered by the historical financial information. The entities under common control are BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc, as well as all subsidiaries of both entities.

Subsidiaries are entities controlled by the HFI Group. The HFI Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the HFI Group takes into consideration potential voting rights and rights to variable returns of the subsidiaries. The acquisition date is the date on which control is transferred to the acquirer. The financial information of subsidiaries is included in the combined financial information from the date that control commences until the date that control ceases.

1.8 ***Transactions eliminated on combination***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.9 ***Standards issued but not effective***

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing this combined financial information.

The following new and amended standards are not expected to have a significant impact on the Group's combined financial statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

Summary of Significant accounting policies

1.10 ***Foreign Currencies***

Transactions in foreign currencies are translated to the respective functional currencies of HFI Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the HFI Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for each month where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve, within invested capital. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve is recycled to the income statement as part of the gain or loss on disposal.

1.11 ***Property, Plant and Equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Short leasehold property and improvements	– remaining lease term
Freehold property	– 50 years

Furniture, fixtures and fittings	– 5 years
Motor vehicles	– 5 years
Assets held for rental	– 5-7 years
Computer software	– 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the income statement.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the HFI Group.

1.12 ***Business Combinations***

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the HFI Group.

For acquisitions on or after 1 January 2018, the HFI Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Acquisitions prior to 1 January 2018 (date of transition to IFRS)

IFRS 1 grants certain exemptions from applying the full requirements of IFRS in the transition period. The HFI Group elected not to restate business combinations that took place prior to 1 January 2018. In respect of acquisitions prior to 1 January 2018, goodwill is included at 1 January 2018 on the basis of its deemed cost, which represents the amount recorded under FRS 102 less amortisation accumulated between the date of the acquisition and the date of transition to IFRS.

1.13 ***Intangible Assets and Goodwill***

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the HFI Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and

goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

non-compete arrangements	– 3 years
customer relationships	– 3 years

Both the non-compete arrangements and customer relationships are intangible assets arising from business combinations. The fair value of the non-compete arrangements at the acquisition date has been determined using the 'with and without method', an income approach which considers the difference between discounted future cash flow models, with and without the non-compete clause. The fair value of the customer relationships at the acquisition date has been determined using the multi-period excess earnings method.

1.14 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first in, first out) method.

1.15 ***Impairment of Non-Financial Assets Excluding Inventories, Deferred Tax Assets and Contract Assets***

The carrying amounts of the HFI Group's non-financial assets, other than inventories, deferred tax assets and contract assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to groups of cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. This is subject to an operating segment ceiling test.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.16 ***Employee Benefits***

Defined contribution plans

The HFI Group pays contributions to selected employees' defined contribution pension plans. The amounts charged to the income statement in respect of pension costs are the contributions payable in

the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

1.17 ***Provisions***

A provision is recognised in the balance sheet when the HFI Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

1.18 ***Revenue Recognition***

Revenue relates to the provision of services, rental of equipment and sale of equipment. Revenues arising from the rental of equipment are recognised in accordance with the requirements of IFRS 16: Leases. Revenues arising from all other revenue streams are recognised in accordance with the requirements of IFRS 15.

Revenue under IFRS 15

Revenues for the provision of services are recognised over time as the services are provided. The services provided to customers meet the criterion that the customer simultaneously receives and consumes the benefits provided. Accordingly, these services qualify for over-time revenue recognition.

Revenues for the provision of goods are recognised at a point in time, which is the point at which the HFI Group satisfies the performance obligation under the terms of the contract. The performance obligation is the delivery of the goods to the customer, which is the point at which the customer obtains control.

Revenues for the provision of goods and services are measured at the transaction price, stated net of VAT.

Revenue under IFRS 16

All contracts for leases of equipment entered into by the HFI Group are classified as operating leases. The contracts for equipment rentals do not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset to the customer.

The HFI Group recognises lease payments received under operating leases as revenue on a straight-line basis over the lease term.

Where customers are billed in advance, deferred rental income is recognised, which represents the portion of billed revenue to be deferred to future periods. Where customers are billed in arrears for equipment rentals, accrued rental income is recognised, which represents unbilled revenues recognised in the period.

1.19 ***Operating Segments***

The HFI Group operates in the following four geographic regions, which have been determined as the HFI Group's reportable segments. The operations of each geographic region are similar.

- Europe
- Americas
- Asia-Pacific
- Middle East

The Chief Operating Decision Maker (CODM) is determined as the HFI Group's board of Directors. The HFI Group's board of Directors reviews the internal management reports of each geographic region monthly as part of the monthly management reporting. The operations within each of the above regional segments display similar economic characteristics. There are no reportable segments which have been aggregated for the purpose of the disclosure of segment information.

1.20 ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current tax assets and current tax liabilities are offset only when:

- the HFI Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the HFI Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if:

- the HFI Group has a legally enforceable right to set off current tax liabilities and assets; and
- the deferred tax liabilities and assets relate to income taxes levied by the same tax authority.

1.21 ***Leases***

The HFI Group has applied IFRS 16 using the modified retrospective approach. IFRS 16 has been applied from the date of transition to IFRS (1 January 2018).

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

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the HFI Group accounts for each lease component

separately from the non-lease components. The HFI Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The HFI Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the HFI Group by the end of the lease term or the cost of the right-of-use asset reflects that the HFI Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the HFI Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the HFI Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the HFI Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the HFI Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the HFI Group's estimate of the amount expected to be payable under a residual value guarantee, if the HFI Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in the income statement.

The HFI Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' on the balance sheet.

Short-term leases and leases of low-value assets

The HFI Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The HFI Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Refer to the revenue accounting policy note for the HFI Group's accounting policy under IFRS 16, as a lessor.

1.22 ***Financial Instruments***

Financial assets and financial liabilities are recognised when the HFI Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the HFI Group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the HFI Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the HFI Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the HFI Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The HFI Group uses derivative financial instruments to reduce exposure to interest rate movements. The HFI Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hedge accounting

The HFI Group designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the HFI Group determines and documents causes for hedge ineffectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the HFI Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Impairment of financial assets

The HFI Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables and accrued lease receivables are measured at an amount equal to the lifetime ECL. Trade receivables do not contain a significant financing component and typically have a short duration of less than 12 months. The HFI Group prepares a provision matrix when measuring its ECLs. Trade receivables and contract assets are segmented on the basis of historic credit loss experience, based on geographic region. Historical loss experience is applied to trade receivables and contract assets, after being adjusted for:

- information about current economic conditions; and
- reasonable and supportable forecasts of future economic conditions.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.23 ***Government Grants***

Grants that compensate the HFI Group for expenses incurred are recognised in the income statement as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised at the point when there is reasonable assurance that the terms for the forgiveness of a government loan will be met. Refer to note 4 for further disclosure related to government grants received.

1.24 ***Borrowing Costs***

Borrowing costs are capitalised and amortised over the term of the related debt. The amortisation of borrowing costs is recognised as finance expenditure in the income statement.

1.25 ***Critical Estimates and Judgements***

In the application of the HFI Group's accounting policies the Directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and

assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have not identified any critical judgements that have a significant effect on the amounts recognised in the combined financial information, apart from those involving estimations (which are explained separately below).

1.26 ***Key Sources of Estimation Uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for bad debts

The HFI Group applies IFRS 9 to measure the lifetime expected credit loss of trade receivables. The lifetime expected credit loss is based upon historic loss experience, which is then adjusted for information about current economic conditions and reasonable and supportable forecasts of future economic conditions. The expected credit loss on trade receivables at the reporting date is estimated on the basis of these underlying assumptions. Refer to note 24.a for the carrying value of trade receivables to which the expected credit loss model is applied.

Impairment of goodwill

The HFI Group determines whether goodwill is impaired on an annual basis. For each group of CGUs to which goodwill has been allocated a goodwill impairment review is performed. The carrying value of each group of CGUs to which goodwill is allocated is compared to the recoverable amount, which is determined through a value in use calculation. The value in use at each reporting date is based on certain assumptions, including future forecast cash flows, discount rates and growth rates. Refer to note 11 for further information in respect of the key assumptions applied in determining the value in use for each group of CGUs.

Useful lives of property, plant and equipment

The HFI Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on condition and usage of those assets. Based on management's assessment as at the end of the reporting period, the useful lives of property, plant and equipment remain appropriate. The HFI Group reviews at the end of each reporting period, the carrying amounts of its property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. No impairment loss was recognised during the period.

2. Segmental Analysis

For the year ended 31 December 2018

	Europe £000	*Americas £000*	*Asia Pacific £000*	*Middle East £000*	*Central £000*	*Total £000*
Total Revenue	20,552	6,675	4,898	5,585	–	37,710
Cost of sales	(5,080)	(1,688)	(1,429)	(1,779)	–	(9,976)
Gross Profit	15,472	4,987	3,469	3,806	–	27,734
Administrative expenses	(7,695)	(1,840)	(1,403)	(699)	(3,361)	(14,998)
Other operating income	139	273	254	94	–	760
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)	7,916	3,420	2,320	3,201	(3,361)	13,496
Foreign exchange gain						107
Depreciation						(9,320)
Amortisation						(8)
Operating profit						4,275
Exceptional income						97
Finance income						1
Finance costs						(2,499)
Profit before taxation						1,874
Taxation charge						755
Profit for the period						2,629

For the year ended 31 December 2019

	Europe £000	*Americas £000*	*Asia Pacific £000*	*Middle East £000*	*Central £000*	*Total £000*
Total Revenue	25,169	10,453	6,098	6,060	–	47,780
Cost of Sales	(5,103)	(2,633)	(1,809)	(2,369)	–	(11,914)
Gross Profit	20,066	7,820	4,289	3,691	–	35,866
Administrative expenses	(9,903)	(2,585)	(1,717)	(1,038)	(2,147)	(17,390)
Other operating income	440	278	393	99	–	1,210
Operating profit before depreciation, amortisation and foreign exchange (loss)/gain	10,603	5,513	2,965	2,752	(2,147)	19,686
Foreign exchange loss						(352)
Depreciation						(9,780)
Amortisation						(794)
Operating profit						8,760
Finance costs						(3,315)
Profit before taxation						5,445
Taxation charge						(410)
Profit for the period						5,035

For the year ended 31 December 2020

	Europe £000	*Americas £000*	*Asia Pacific £000*	*Middle East £000*	*Central £000*	*Total £000*
Total Revenue	23,609	9,990	5,125	3,677	–	42,401
Cost of Sales	(5,117)	(2,718)	(1,308)	(1,901)	–	(11,044)
Gross Profit	18,492	7,272	3,817	1,776	–	31,357
Administrative expenses	(9,629)	(3,873)	(862)	(1,122)	(1,678)	(17,164)
Other operating income	231	869	298	149	–	1,547
Operating profit before depreciation, amortisation and foreign exchange (loss)/gain	9,094	4,268	3,253	803	(1,678)	15,740
Foreign exchange loss						(312)
Depreciation						(10,753)
Amortisation						(1,567)
Operating profit						3,108
Finance costs						(3,849)
Loss before taxation						(741)
Taxation charge						(257)
Loss for the period						(998)

Central administrative expenses represent expenditures, which are not directly attributable to any single operating segment. The expenditure has not been allocated to individual operating segments.

The revenues generated by each geographic segment almost entirely comprise of revenues generated in a single country. Revenues in the Europe, Americas, Asia Pacific and Middle East segments are almost entirely generated in the UK, USA, Singapore and UAE respectively. Revenues generated outside of these jurisdictions are not material to the HFI Group. The basis for the allocation of revenues to individual countries is dependent upon the depot from which the equipment is provided.

The carrying value of non-current assets, other than deferred tax assets and derivative financial instruments, split by the country in which the assets are held is as follows:

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
UK	26,394	39,318	53,422	49,575
USA	4,369	8,436	14,492	13,868
Singapore	8,180	9,628	9,358	8,376
UAE	4,714	5,928	6,162	3,783

3. Revenue

(a) ***Revenue streams:***

The HFI Group's key revenue generating activity comprises equipment rental, sale of equipment and provision of related services (non-rental revenue). The revenue is attributable to the continuing activities of renting equipment, selling equipment or providing a service.

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Rental income (note 20)	33,483	40,581	34,183
Non-rental revenue	4,227	7,199	8,218
Total revenue	37,710	47,780	42,401

(b) ***Disaggregation of revenue from contracts with customers:***

Revenue from contracts with customers from sale of equipment and provision of related services is disaggregated by primary geographical market, major products and services and timing of revenue recognition.

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Europe	2,418	3,917	5,222
Americas	489	1,110	1,409
Asia Pacific	341	354	171
Middle East	979	1.818	1,416
Non-rental revenue	4,227	7,199	8,218

Major products and services and timing of revenue recognition of non-rental revenue:

Primary geographical markets	*For the year ended 31 Dec 2018 £000*	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Sale of equipment, transferred at a point in time	2,066	3,938	3,661
Provision of related services, transferred over time	2,161	3,261	4,557
Non-rental revenue	4,227	7,199	8,218

4. Operating Profit

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Spares, consumables and external repairs	1,980	2,706	2,651
Facilities costs	314	352	332
Depreciation on property, plant and equipment (note 10)	8,890	9,046	9,924
Depreciation on right-of-use assets (note 20)	430	734	829
Amortisation of intangible assets (note 11)	8	794	1,567
Staff costs (note 5)	7,983	10,074	10,696
Transaction cost	2,981	1,759	865
Other external charges	11,716	14,413	13,664
Foreign exchange gains/(losses)	(107)	352	312
Total of cost of sales and administrative expenses	34,195	40,230	40,840
The above includes:			
Operating lease rentals	330	506	289
Impairment (reversal)/loss on trade receivables	(31)	76	401
Other operating income			
Gain on sale of property, plant and equipment	734	1,195	1,156
Loan forgiveness – US Paycheck Protection Program*	–	–	391
Contingent consideration written back	–	15	–
Fair valuation of derivative financial instruments (note 15)	26	–	–
	760	1,210	1,547

* During the year ended 31 December 2020, Ashtead Technology Offshore Inc, had taken a government loan of £391,000 under the 'Paycheck Protection Programme'. The loan was forgiven on meeting the required criteria of the programme. The HFI Group has recorded Paycheck Protection Programme loan forgiven amounting to £391,000 as other operating income in the statement of income in the year ended 31 December 2020.

Fees payable to the auditor for the audit of financial statements of the HFI Group companies:			
Total audit fees	101	142	116
Fees payable to the auditor for other services to the HFI Group			
Tax compliance services	85	99	97
Corporate finance services	686	359	322
Total non-audit fees	771	458	419

5. Staff Costs

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Wages and salaries	7,215	8,964	9,597
Social security costs	505	758	736
Other pension costs (note 22)	263	352	363
	7,983	10,074	10,696

The average number of employees during the year was as follows:

	No.	*No.*	*No.*
Operations	64	85	100
Sales and administrative	58	70	76
	122	155	176

6. Exceptional Income

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Write back of negative goodwill (note 23)	97	–	–
	97	–	–

The write back of negative goodwill is considered exceptional given the quantum and nature of the income.

7. Finance Income

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Interest income	1	–	–
	1	–	–

8. Finance Costs

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Interest on bank loans (held at amortised cost)	1,738	2,405	2,919
Amortisation of deferred finance costs	357	491	674
Loan note interest	209	165	76
Interest expense on lease liability (note 20)	139	183	168
Other interest and charges	156	71	12
	2,499	3,315	3,849

9. Income tax charge/(credit)

(a) ***Tax on (loss)/profit on ordinary activities:***

The tax charge/(credit) is made up as follows:

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Current tax:			
UK corporation tax on (loss)/profit for the year	82	976	392
Adjustment in respect of previous periods	(1)	43	(23)
Foreign tax	161	79	203
Foreign tax adjustment in respect of previous periods	–	–	(21)
Exchange rate differences	6	5	(4)
Total current income tax	248	1,103	547
Deferred tax:			
Origination and reversal of temporary differences	(1,134)	(696)	(220)
Origination and reversal of temporary differences – prior periods	5	23	38
Effect of changes in tax rates	115	(15)	(99)
Exchange rate differences	11	(5)	(9)
Total deferred tax	(1,003)	(693)	(290)
Tax charge/(credit) in the profit and loss account (note 9 (b))	(755)	410	257

(b) ***Factors affecting the current tax charge/(credit) for the year***

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%, 2018: 19%).

The differences are explained below:

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Profit/(loss) on ordinary activities before taxation	1,874	5,445	(741)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%, 2018: 19%)	356	1,035	(141)
Effects of:			
Expenses not deductible for tax purposes	1,044	146	316
Income not taxable	(614)	–	(107)
RDEC expenditure credit	–	–	(6)
Gains/rollover relief	20	22	27
Effects of overseas tax rates	(435)	(105)	85
Adjustments in respect of previous periods	(390)	75	(7)
Tax rate changes	3	–	(61)
Unrecognised temporary differences	30	(497)	35
Recognition of previously unrecognised tax losses	(955)	(289)	(118)
Current year losses for which no deferred tax asset is recognised	–	–	251
Exchange rate difference	6	(7)	(17)
Revaluations	–	(31)	–
Others	180	61	–
Tax (credit)/charge	(755)	410	257

(c) ***Income tax due***

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Income tax dues	209	230	840	515
	209	230	840	515

(d) ***Unrecognised tax losses***

The HFI Group has tax losses which arose in the UK, Canada & USA of £15,767,000 (2019: £12,378,000 and 2018: £12,832,000) that are available indefinitely for offset against future taxable profits of the HFI Group companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the HFI Group and they have arisen in subsidiaries that are loss making.

(e) ***Deferred tax***

Deferred tax included in the combined statement of financial position is as follows:

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Fixed asset timing differences	(232)	674	(30)	258
Short term timing differences	(34)	55	28	17
Tax losses	–	(31)	460	472
Deferred tax (liability)/asset	(266)	698	458	747

10. Property, Plant and Equipment

Cost	*Assets held for rental £000*	*Leasehold Improvements £000*	*Freehold Property £000*	*Fixture & Fittings £000*	*Computer Software £000*	*Motor Vehicles £000*	*Total £000*
At 1 January 2018	56,475	716	–	1,936	2,546	143	61,816
Acquisitions through business combinations (note 23)	48,069	35	–	61	30	–	48,195
Additions	8,222	319	–	189	–	3	8,733
Disposals	(16,659)	(28)	–	(5)	–	–	(16,692)
Effect of movements in exchange rates	3,518	11	–	187	–	11	3,727
At 31 December 2018	99,625	1,053	–	2,368	2,576	157	105,779
Acquisitions through business combinations (note 23)	8,910	–	197	513	–	–	9,620
Additions	8,875	401	–	425	–	–	9,701
Disposals	(7,628)	–	–	(68)	–	–	(7,696)
Effect of movements in exchange rates	(3,380)	(15)	–	106	71	(9)	(3,227)
At 31 December 2019	106,402	1,439	197	3,344	2,647	148	114,117
Acquisitions through business combinations (note 23)	–	–	–	–	–	–	–
Additions	4,197	113	–	283	156	121	4,870
Disposals	(4,479)	(1)	–	(282)	(1)	(20)	(4,783)
Effect of movements in exchange rates	(1.214)	(14)	–	(23)	(1)	(4)	(1,256)
At 31 December 2020	104,906	1,537	197	3,322	2,801	245	113,008
Accumulated Depreciation							
At 1 January 2018	(39,289)	(669)	–	(1,704)	(2,490)	(128)	(44,280)
Acquisitions through business combinations (note 23)	(39,754)	(34)	–	(55)	(30)	–	(39,873)
Charge for the year	(8,687)	(41)	–	(133)	(19)	(10)	(8,890)
Disposals	15,923	27	–	5	–	–	15,955
Effect of movements in exchange rates	(2,778)	(12)	–	(140)	(1)	(10)	(2,941)
At 31 December 2018	(74,585)	(729)	–	(2,027)	(2,540)	(148)	(80,029)
Acquisitions through business combinations (note 23)	(6,304)	–	(51)	(396)	–	–	(6,751)
Charge for the year	(8,726)	(120)	(1)	(179)	(16)	(4)	(9,046)
Disposals	6,860	–	–	57	–	–	6,917
Effect of movements in exchange rates	2,420	10	–	(4)	(70)	9	2,329
At 31 December 2019	(80,335)	(839)	(52)	(2,585)	(2,626)	(143)	(86,580)
Acquisitions through business combinations (note 23)	–	–	–	–	–	–	–
Charge for the year	(9,523)	(145)	(8)	(209)	(3)	(36)	(9,924)
Disposals	4,059	1	–	183	1	17	4,261
Effect of movements in exchange rates	1,206	9	–	18	1	5	1,239

Accumulated Depreciation	*Assets held for rental £000*	*Leasehold Improvements £000*	*Freehold Property £000*	*Fixture & Fittings £000*	*Computer Software £000*	*Motor Vehicles £000*	*Total £000*
At 31 December 2020	(84,593)	(974)	(60)	(2,593)	(2,627)	(157)	(91,004)

Net Book Value	*Assets held for rental £000*	*Leasehold Improvements £000*	*Freehold Property £000*	*Fixture & Fittings £000*	*Computer Software £000*	*Motor Vehicles £000*	*Total £000*
At 1 January 2018	17,186	47	–	232	56	15	17,536
At 31 December 2018	25,040	324	–	341	36	9	25,750
At 31 December 2019	26,067	600	145	759	21	5	27,597
At 31 December 2020	20,313	563	137	729	174	88	22,004

11. Goodwill and Intangible Assets

Cost	*Goodwill £000*	*Customer relationships £000*	*Non-compete arrangements £000*	*Total £000*
At 1 January 2018	23,860	–	–	23,860
Acquisitions through business combinations (note 23)	9,998	208	22	10,228
Effect of movements in exchange rates	59	–	–	59
At 31 December 2018	33,917	208	22	34,147
Acquisitions through business combinations (note 23)	14,951	4,260	187	19,398
Effect of movements in exchange rates	(146)	(20)	(1)	(167)
At 31 December 2019	48,722	4,448	208	53,378
Acquisitions through business combinations (note 23)	–	–	–	–
Effect of movements in exchange rates	(137)	(1)	–	(138)
At 31 December 2020	48,585	4,447	208	53,240
Accumulated amortisation				
At 1 January 2018	–	–	–	–
Charge for the year	–	(8)	(1)	(9)
At 31 December 2018	–	(8)	(1)	(9)
Charge for the year	–	(756)	(38)	(794)
At 31 December 2019	–	(764)	(39)	(803)
Charge for the year	–	(1,497)	(70)	(1,567)
At 31 December 2020	–	(2,261)	(109)	(2,370)
Net Book Value				
At 1 January 2018	23,860	–	–	23,860
At 31 December 2018	33,917	200	21	34,138
At 31 December 2019	48,722	3,684	169	52,575
At 31 December 2020	48,585	2,186	99	50,870

Goodwill has arisen on the acquisition of the following subsidiaries: Amazon Group Limited (the parent company of the existing Ashtead Technology Group at the time of acquisition, in April 2016), TES Equipment Services LLC, Welaptega Marine Limited, Aqua-Tech Solutions LLC and its subsidiary Alpha Subsea LLC, and Underwater Cutting Solutions Limited, as well as the acquisition of the trade and assets of Forum Subsea Rentals. Refer to note 23 for further details of business combinations that have taken place since 1 January 2018.

Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill has been allocated to the HFI Group's CGUs as follows. The groups of CGUs to which goodwill has been allocated are consistent with the HFI Group's operating segments.

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Europe	15,281	24,506	34,916	34,916
Americas	1,542	2,237	6,638	6,503
Asia-Pacific	5,207	5,344	5,338	5,336
Middle East	1,830	1,830	1,830	1,830

An impairment test has been performed in respect of each of the groups of CGUs to which goodwill has been allocated at the transition date and on each of the subsequent reporting dates.

For each of the operating segments to which goodwill has been allocated, the recoverable amount has been determined on the basis of a value in use calculation. In each case, the value in use was found to be greater than the carrying amount of the group of CGUs to which the goodwill has been allocated. Accordingly, no impairment to goodwill has been recognised. The value in use has been determined by discounting future cash flows forecast to be generated by the relevant regional segment.

A summary of the key assumptions on which management has based its cash flow projections at both the transition date and each subsequent reporting date is as follows.

	1 Jan 2018 £000	*31 Dec 2018 £000*	*31 Dec 2019 £000*	*31 Dec 2020 £000*
Europe:				
Pre-tax discount rate	11.4%	11.4%	11.5%	11.8%
Terminal value growth rate	2%	2%	2%	2%
Forecast period	5 years	5 years	4 years	3 years
Americas:				
Pre-tax discount rate	13.0%	13.4%	12.2%	12.3%
Terminal value growth rate	2%	2%	2%	2%
Forecast period	5 years	5 years	4 years	3 years
Asia Pacific:				
Pre-tax discount rate	11.4%	11.5%	11.6%	11.6%
Terminal value growth rate	2%	2%	2%	2%
Forecast period	5 years	5 years	4 years	3 years
Middle East:				
Pre-tax discount rate	10%	10%	10%	10%
Terminal value growth rate	2%	2%	2%	2%
Forecast period	5 years	5 years	4 years	3 years

In determining the above key assumptions, management has considered past experience together with external sources of information where available (e.g., industry-wide growth forecasts). Sensitivity analyses has been performed in respect of the above discount rates with no impairment identified from the sensitivities performed.

12. Inventories

	As at 1 Jan 2018 £'000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Raw materials and consumables	9	44	1,107	1,245
	9	44	1,107	1,245

13. Trade and Other Receivables

	As at 1 Jan 2018 £'000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Trade receivables (note 24a)	5,512	10,642	13,283	7,723
Prepayments and accrued income	2,044	1,615	2,374	2,241
Amounts due from related parties (note 25)	270	303	1,203	1,241
	7,826	12,560	16,860	11,205

The Directors consider that the carrying amount of trade and other receivables approximates to fair value. The amounts owed by HFI Group undertakings bear no interest and are due on demand.

Information about the HFI Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 24.

14. Cash and Cash Equivalents

	As at 1 Jan 2018 £'000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Cash at bank	7,289	2,640	4,840	10,953
Cash in hand	29	10	15	5
Cash and cash equivalents	7,318	2,650	4,855	10,958

Cash at bank earns interest at floating rate based on daily bank overnight deposit rate. The Directors consider that the carrying amount of cash and cash equivalents equates to fair value.

Foreign currency denominated balances within HFI Group cash and cash equivalents amount to:

	As at 1 Jan 2018 £'000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
US dollar denominated balance	589	994	1,280	3,124
Singapore dollar denominated balance	1,093	477	807	2,612
Canadian dollar denominated balance	–	81	621	200
AED denominated balance	184	128	424	154
	1,866	1,680	3,132	6,090

All other balances are denominated in sterling.

15. Derivative Financial Instruments

The HFI Group holds three interest rate swaps which are designated to hedge a portion of the interest payments on each of the sterling and US dollar denominated facilities arising until 30 June 2021. The fair value of interest rate swaps has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

Below table summarises the fair value of the interest rate swaps at each reporting date:

	As at 1 Jan 2018 £'000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Non-current assets				
Interest rate swaps used for hedging	286	313	70	–
Current liabilities				
Interest rate swaps used for hedging		–	–	(38)
Total derivative financial instruments	286	313	70	(38)
Average contract fixed interest rate (%)	0.6741%	0.6798%	0.6693%	0.6607%
Notional principal value	16,420	16,290	14,963	13,661

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months LIBOR. The HFI Group will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

Amount recognised in profit or loss:

The HFI Group has recognised derivatives initially at fair value at the date a derivative contract is entered into and subsequently remeasured to their fair value at each reporting date. Amounts recognised in the combined statement of income in relation to derivatives for the year ended 31 December 2018 is £26,000.

Amount recognised in other comprehensive income:

The HFI Group has applied hedge accounting for the interest rate swaps from 1 January 2019. Below table details the changes in fair value of derivative assets recorded in the combined other comprehensive income:

	Interest rate swaps £000	*Total hedging reserves £000*
At 1 January 2019	–	–
Changes in fair value of hedging instruments recognised in other comprehensive income	(243)	(243)
At 31 December 2019	(243)	(243)
Changes in fair value of hedging instruments recognised in other comprehensive income	(108)	(108)
At 31 December 2020	(351)	(351)

(a) ***Sterling interest rate swap***

The fair value of the sterling interest rate swaps at the balance sheet date was a liability of £24,000 (2019: asset £30,000, 2018: asset £142,000 and 1 January 2018: asset £120,000). These swaps are designated as a hedge on approximately 34% (2019: 34%, 2018: 70% and 1 January 2018: 70%) of the expected floating rate payments expected to arise in the period to 30 June 2021 on £29,663,000

(2019: £31,083,000, 2018: £15,582,000 and 1 January 2018: £16,403,000) senior sterling bank loans. The terms of these contracts are that the HFI Group pays a fixed rate of 0.5355% and 0.525% and receives 3-month floating LIBOR rate from HSBC (net settled quarterly) on a £9,948,000 (2019: £10,619,000, 2018: £11,195,000 and 1 January 2018: £11,483,000) notional sum subject to a repayment schedule in line with the bank loan.

(b) ***US dollar interest rate swap***

The fair value of the US dollar interest rate swap at the balance sheet date was a liability of £14,000 (2019: asset £40,000, 2018: asset £171,000 and 1 January 2018: asset £166,000). This swap is designated as a hedge on approximately 33% (2019: 31%, 2018: 70% and 1 January 2018: 70%) of the expected floating rate payments expected to arise in the period to 30 June 2021 on $15,314,000 (2019: $18,901,000, 2018: $8,676,000 and 1 January 2018: $9,521,000) US dollar bank loan. The terms of this contract are that the HFI Group pays a fixed rate of 1.003% and receives 3-month floating LIBOR rate from HSBC (net settled quarterly) on a $5,087,000 (2019: $5,777,000, 2018: $6,369,000 and 1 January 2018: $6,665,000) notional sum subject to a repayment schedule in line with the bank loan.

Information about the HFI Group's exposure to interest rate, credit and market risks is included in note 24.

16. Provisions for Liabilities

Non-current provisions	*Other provisions £000*	*Total £000*
At 1 January 2018	104	104
Charge for the year	14	14
Movement in foreign exchange	22	22
At 31 December 2018	140	140
Charge for the year	30	30
Paid during the year	(50)	(50)
Movement in foreign exchange	(8)	(8)
At 31 December 2019	112	112
Charge for the year	34	34
Paid during the year	(6)	(6)
Movement in foreign exchange	(6)	(6)
At 31 December 2020	134	134

Provisions relate to end of service benefits for certain employees. The actual amount payable is dependent on the length of service of the impacted employees when their employment ceases and their salary at the time. The provision is calculated on the impacted employee's length of service and salary at the balance sheet date.

17. Trade and Other Payables

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Trade payables	3,524	3,346	3,044	2,487
Accruals	2,930	4,776	4,607	4,701
Payables due to related parties (note 25)	20	20	47	55
Contingent consideration (note 23)	–	1,317	–	–
Total	6,474	9,459	7,698	7,243

The Directors consider that the carrying amount of trade and other payables and contingent consideration equates to fair value.

The HFI Group's exposure to currency and liquidity risks is included in note 24

18. Loans and Borrowings

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Non-current				
Bank loans	20,982	20,116	40,355	35,001
Related party loan notes (note 25)	–	–	1,045	1,121
Acquisition loan notes	–	3,000	–	–
Total	20,982	23,116	41,400	36,122
Current				
Bank loans	1,145	1,106	7,135	8,007
Total	1,145	1,106	7,135	8,007

The bank loans comprise senior bank debt of £43,841,000 (2019: £48,971,000, 2018: £22,523,000 and 1 January 2018: £23,456,000) and the senior A, B and revolving credit facility debt carries interest at LIBOR plus 3.5%, 4.0% and 5.0% respectively. The senior A bank loans are fully repayable by December 2021 and the senior B loans and revolving credit facility are fully repayable by October 2023 following an extension agreed in July 2021.

Certain companies within the HFI Group joined in cross guarantees with respect to bank loans totalling £43,841,000 (2019: £48,971,000, 2018: £22,523,000 and 1 January 2018: £23,456,000) advanced to Ashtead Technology Limited and Ashtead Technology Offshore Inc.

The related party loan notes carry interest at 7% which is capitalised quarterly and has no set repayment terms.

The acquisition loan notes carry interest at 7% which is paid quarterly and were settled in full in 2019.

The weighted average interest rates on floating rate instruments during the year was as follows:

	2018	*2019*	*2020*
Weighted average interest rates	7.55%	6.73%	5.84%

The HFI Group's exposure to interest rate, foreign currency and liquidity risks is included in note 24.

19. Reconciliation of Net Debt

For the year ended 31 December 2018

				Other cash flows				
	As at 1 January 2018 £000	*Financing Cash flows £000*	*Forgiveness of US PPP loan £000*	*Acquisitions and disposals £000*	*Interest paid £000*	*Other non-cash changes £000*	*Changes in exchange rates £000*	*As at 31 December 2018 £000*
Cash at bank and in hand	7,318	(4,471)	–	–	–	–	(197)	2,650
Bank loans	(22,127)	1,483	–	–	–	(357)	(221)	(21,222)
Acquisition loan notes	–	–	–	–	–	(3,000)	–	(3,000)
Lease liabilities	(2,261)	352	–	–	139	(1,714)	(22)	(3,506)
Net Debt	(17,070)	(2,636)	–	–	139	(5,071)	(440)	(25,078)

The non-cash movement in acquisition loan notes relates to loan notes issued to Forum Subsea Rentals as

part of a business combination. Other non-cash movements relate to the amortisation of deferred finance costs, the accrual of finance costs on the lease liability and the addition of new leases during the year.

For the year ended 31 December 2019

				Other cash flows				
	As at 1 January 2019 £000	*Financing Cash flows £000*	*Forgiveness of US PPP loan £000*	*Acquisitions and disposals £000*	*Interest paid £000*	*Other non-cash changes £000*	*Changes in exchange rates £000*	*As at 31 December 2019 £000*
Cash at bank and in hand	2,650	(1,769)		4,058	–	–	(84)	4,855
Bank loans	(21,222)	(26,393)		–	–	(491)	616	(47,490)
Related party loan notes	–	1,978		–	–	(3,023)	–	(1,045)
Acquisition loan notes	(3,000)	–		–	–	3,000	–	–
Lease liabilities	(3,506)	632		–	183	(802)	48	(3,445)
Net Debt	(25,078)	(25,552)		4,058	183	(1,316)	580	(47,125)

The non-cash movement relates to amortisation of deferred finance costs, loan notes that were exchanged as part of the buyout of FET Global Holdings Limited, accrual of finance costs on related party loan notes, and addition of new leases during the year.

For the year ended 31 December 2020

				Other cash flows				
	As at 1 January 2020 £000	*Financing Cash flows £000*	*Forgiveness of US PPP loan £000*	*Acquisitions and disposals £000*	*Interest paid £000*	*Other non-cash changes £000*	*Changes in exchange rates £000*	*As at 31 December 2020 £000*
Cash at bank and in hand	4,855	6,354	–	–	–	–	(251)	10,958
Bank loans	(47,490)	4,454	391	–	–	(674)	311	(43,008)
Related party loan notes	(1,045)	–	–	–	–	(76)	–	(1,121)
Lease liabilities	(3,445)	721	–	–	168	(510)	52	(3,014)
Net Debt	(47,125)	11,529	391	–	168	(1,260)	112	(36,185)

The non-cash movement relates to amortisation of deferred finance costs, accrual of finance costs on related party loan notes and lease liability, and addition of new leases during the year.

20. Leases

Leases as lessee

The HFI Group leases warehouses, offices, and other facilities in different locations (UK, UAE, Singapore, Canada, USA). The lease term ranges from 2 to 15 years with an option to renew available for some of the leases. Lease payments are renegotiated every 3-5 years to reflect market terms. The HFI Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or of low-value items. The HFI Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Further information about leases is presented below:

a) *Amounts recognised in combined statement of financial position*

Right-of-Use Assets	*£000*
Balance at 1 January 2018	2,261
Additions to right-of-use assets	1,575
Depreciation charge for the year	(430)
Effects of movements in exchange rates	15
Balance at 31 December 2018	3,421
Additions to right-of-use assets	619
Depreciation charge for the year	(734)
Effects of movements in exchange rates	(45)
Balance at 31 December 2019	3,261
Right-of-Use Assets	*£000*
Additions to right-of-use assets	342
Depreciation charge for the year	(829)
Effects of movements in exchange rates	(46)
Balance at 31 December 2020	2,728

Lease Liabilities:	*As at 1 Jan 2018 £000*	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Current	269	512	646	681
Non-current	1,992	2,994	2,799	2,333
Total lease liabilities	2,261	3,506	3,445	3,014

Refer to note 24(b) for more information on maturity analysis of lease liabilities.

b) *Amounts recognised in the combined statement of income*

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Depreciation charge	430	734	829
Interest expense on lease liability	139	183	168
Expenses relating to short-term leases	330	506	289
Total amount recognised in the statement of income	899	1,423	1,286

c) *Amounts recognised in the combined statement of cash flows*

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Total cash payments for leases	491	814	890

Leases as a lessor

The HFI Group leases out equipment to its customers. The lease period is short-term which ranges from weeks to a few months. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the equipment.

The HFI Group as a lessor, recognises lease payments received from operating leases as income on a straight-line basis. Increase (or decrease) in rental payments over a period of time, other than variable lease payments, are reflected in the determination of the lease income, which is recognised on a straight-line basis (refer to note 3).

21. Capital Commitments

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Capital expenditure contracted for but not provided	142	93	10	297
	142	93	10	297

22. Employee Benefits

Defined contribution scheme

The HFI Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the statement of income in the year ended 31 December 2020 was £363,000 (2019: £352,000 and 2018: £264,000). There was a balance outstanding of £44,000 in relation to pension liabilities at 31 December 2020 (2019: £55,000, 2018: £28,000 and 1 January 2018: £20,000).

Share based payment arrangement

On 3 January 2018 share capital in both BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc was issued to certain Directors of the HFI Group, as well as certain members of HFI Group management. A summary of the equity instruments issued is included below.

Issuer	*Class of Share*	*No. Of Shares*
BP INV2 Pledgeco Limited	B	2,170
Ashtead US Pledgeco Inc	B	2,170
BP INV2 Pledgeco Limited	C	800
Ashtead US Pledgeco Inc	C	800

The fair value of equity instruments issued in BP INV2 Pledgeco Limited at 3 January 2018 was estimated at £21,000. The fair value of equity instruments issued in Ashtead US Pledgeco Inc at 3 January 2018 was £5,000. The fair value of the equity instruments has been estimated using an exit based approach in order to estimate the unrestricted market value. The shares issued to the Directors and certain managers of the HFI Group have a vesting period of 4 years. Where an employee leaves the HFI Group within 4 years, the HFI Group retains the option to repurchase any unvested shares at their nominal value. No employee benefit expense has been recognised for the share-based payment arrangements in 2018. This is on the basis that the fair value of equity instruments is not material to the HFI Group.

23. Business Combinations

Acquisitions during the year ended 31 December 2018

A. *Acquisition of Forum Subsea Rentals*

On 3 January 2018, the HFI Group acquired all the trade and assets of Forum Subsea Rentals a division of Forum Energy Technologies (UK) Limited, Forum Energy Asia Pacific Pte Limited and Forum US, Inc. The purchase consideration was settled through a combination of cash, vendor loan

notes and the issue of share capital of BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc. The total consideration is estimated at £17,470,000.

The following table sets out the book values of the separately identifiable assets and liabilities acquired and their estimated fair values on acquisition.

	Book Value £000	*Revaluation £000*	*Other adjustments £000*	*Fair value to the HFI Group £000*
Fixed Assets				
Property, plant and equipment	7,993	–	–	7,993
Current Assets				
Trade receivables	1,695	–	–	1,695
Prepayments and other debtors	566	–	–	566
Inventories	26	–	–	26
Total assets	10,280	–	–	10,280
Creditors				
Trade payables	(163)	–	–	(163)
Accruals	(146)	–	–	(146)
Total liabilities	(309)	–	–	(309)
Net assets	9,971	–	–	9,971
Goodwill				7,499
				17,470
Satisfied by:				
Cash				3,000
Loan notes				3,000
Shares issued				11,470
				17,470

The HFI Group incurred acquisition-related expenditure of £1,667,000 on legal fees and due diligence costs. These costs have been expensed to the statement of income in the year of acquisition and included in 'administrative expenses'.

In the year ended 31 December 2018 negative goodwill was written back to Ashtead Technology (South East Asia) PTE Limited profit and loss of £97,000 since the acquisition date (refer to note 6).

The Directors do not believe that it is practical to separately identify the revenue and profit or loss from the acquired trade and assets of Forum Subsea Rentals since the acquisition date.

B. *Acquisition of Welaptega Marine Limited*

On 21 November 2018, the HFI Group acquired 100% of the issued share capital of Welaptega Marine Limited, a company whose primary activity is the provision of equipment solutions to the oil and gas industry, for cash consideration of £1,868,000. In addition, the HFI Group agreed to pay the selling shareholders additional consideration based on the EBITDA earned by the acquiree in the post-acquisition period. The fair value of the contingent consideration has been estimated at £1,317,000 on the acquisition date. The contingent consideration was subsequently paid to the selling shareholders in the year ended 31 December 2019.

The acquisition has been accounted for under the acquisition method. The following values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book Value £000	*Revaluation £000*	*Other adjustments £000*	*Fair value to the HFI Group £000*
Fixed Assets				
Property, plant and equipment	295	–	–	295
Intangible assets	–	230	–	230
Current Assets				
Trade receivables	514	–	–	514
Prepayments and other debtors	15	–	–	15
Inventories	13	–	–	13
Total assets	837	230	–	1,067
Creditors				
Trade payables	(249)	–	–	(249)
Accruals	(92)	–	–	(92)
Deferred tax liability	–	(40)	–	(40)
Total liabilities	(341)	(40)	–	(381)
Net assets	496	190	–	686
Goodwill				2,499
				3,185
Satisfied by:				
Cash				1,868
Fair value of contingent consideration				1,317
				3,185

The HFI Group incurred acquisition-related expenditure of £776,000 on legal fees and due diligence costs. These costs have been expensed to the statement of income in the year of acquisition and included in 'administrative expenses'.

In the year ended 31 December 2018, revenue of £384,000 and operating profit of £232,000 was included in the combined income statement in respect of Welaptega Marine Limited and its subsidiary Welaptega Marine UK Limited, representing revenues and profits earned by the acquiree between the acquisition date and 31 December 2018. If the acquisition had occurred on 1 January 2018, management estimates that the combined revenue would have been £39,664,000, and combined operating profit for the year would have been £7,055,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

Acquisitions during the year ended 31 December 2019

A. *Acquisition of Aqua-Tech Solutions LLC*

On 24 April 2019, the HFI Group acquired 100% of the voting shares of Aqua-Tech Solutions LLC and its subsidiary Alpha Subsea LLC, companies whose primary activity is the provision of equipment solutions to the oil and gas industry.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the separately identifiable assets and liabilities acquired and their fair value to the HFI Group:

	Book Value £000	*Revaluation £000*	*Other adjustments £000*	*Fair value to the HFI Group £000*
Fixed Assets				
Property, plant and equipment	1,836	–	–	1,836
Intangible assets	–	1,864	–	1,864
Current Assets				
Trade receivables	469	–	–	469
Prepayments and other debtors	213	–	–	213
Inventories	497	–	–	497
Total assets	3,015	1,864	–	4,879
Creditors				
Trade payables	(223)	–	–	(223)
Accruals	(60)	–	–	(60)
Deferred tax liability	–	(503)	–	(503)
Total liabilities	(283)	(503)	–	(786)
Net assets	2,732	1,361	–	4,093
Goodwill				4,533
				8,626
Satisfied by:				
Cash				8,626
				8,626

The HFI Group incurred acquisition-related expenditure of £585,000 on legal fees and due diligence costs. These costs have been expensed to the statement of income in the year of acquisition and included in 'administrative expenses'.

In the year ended 31 December 2019, revenue of £3,460,000 and operating profit of £730,000 was included in the combined statement of income in respect of Aqua-Tech Solutions LLC and its subsidiary Alpha Subsea LLC since the acquisition date. If the acquisition had occurred on 1 January 2019, management estimates that the combined revenue would have been £48,981,000, and the combined profit for the year would have been £8,715,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

B. *Acquisition of Underwater Cutting Solutions Limited*

On 4 September 2019, the HFI Group acquired the entire share capital of Underwater Cutting Solutions Limited, a Company whose primary activity is the provision of subsea cutting services.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the separately identifiable assets and liabilities acquired and their fair value to the HFI Group:

	Book Value £000	*Revaluation £000*	*Other adjustments £000*	*Fair value to the HFI Group £000*
Fixed Assets				
Property, plant and equipment	1,033	–	–	1,033
Intangible assets	–	2,583	–	2,583
Deferred tax asset	159	–	–	159
Current Assets				
Trade receivables	2,079	–	–	2,079
Prepayments and other debtors	51	–	–	51
Cash	4,058	–	–	4,058
Inventories	358	–	–	358
Total assets	7,738	2,538	–	10,321
Creditors				
Trade payables	(190)	–	–	(190)
Accruals	(265)	–	–	(265)
Deferred tax liability	–	(440)	–	(440)
Corporate tax liability	(144)	–	–	(144)
Total liabilities	(599)	(440)	–	(1,039)
Net assets	7,139	2,143	–	9,282
Goodwill				10,418
				19,700
Satisfied by:				
Cash				19,700
				19,700

The HFI Group incurred acquisition-related expenditure of £447,000 on legal fees and due diligence costs. These costs have been expensed to the statement of income in the year of acquisition and included in 'administrative expenses'.

In the year ended 31 December 2019, revenue of £1,670,000 and operating profit of £582,000 was included in the combined income statement in respect of Underwater Cutting Solutions Limited. If the acquisition had occurred on 1 January 2019, management estimates that the combined revenue would have been £52,351,000, and the combined operating profit for the year would have been £10,533,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

24. Financial Instruments

A. *Financial Risk Management*

Risk management framework:

The HFI Group's risk management policies are established to identify and analyse the risks faced by the HFI Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the HFI Group's activities.

The HFI Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

a) *Credit risk*

Credit risk is the risk of financial loss to the HFI Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the HFI Group's receivables from customers. The HFI Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

The HFI Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the HFI Group's standard payment and delivery terms and conditions are offered. The HFI Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

Trade receivables

The HFI Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision percentage is determined for each subsidiary independently.

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Current (not past due)	1,211	1,716	1,756	2,447
Past due 0-90 days	4,115	6,643	7,164	5,181
Past due 91-180 days	721	1,769	2,694	756
Past due 181-270 days	587	1,297	1,780	376
Past due 271-365 days	3	81	660	60
More than 365 days	126	4	479	182
	6,763	11,510	14,533	9,002

Movements in the allowance for impairment in respect of trade receivables
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	£'000
Movement in provision for doubtful debts	
Balance as at 1 January 2018	(1,251)
Movement during the year	383
Balance as at 31 December 2018	(868)
Movement during the year	(362)
Balance as at 31 December 2019	(1,250)
Movement during the year	(29)
Balance as at 31 December 2020	(1,279)

Cash and cash equivalents
The HFI Group held cash and cash equivalents and other bank balances of £10,957,000 at 31 December 2020 (2019: £4,855,000, 2018: £2,650,000 and 1 January 2018: £7,318,000). The cash and cash equivalents are held with the HSBC Bank plc.

Derivative financial instruments
The derivatives are entered into with the banks with the HSBC Bank plc.

b) *Liquidity risk*

Liquidity risk is the risk that the HFI Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The HFI Group's objective when managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the HFI Group's reputation. The HFI Group utilises both long and short term borrowing facilities.

Maturities of financial liabilities
The table below analyses the HFI Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

As at 1 January 2018

			Contractual cash flows			
	Carrying Total £000	*Total £000*	*Within one year £000*	*Between one to two years £000*	*Between two to five years £000*	*More than five years £000*
Non-derivative financial liabilities						
Bank loans	22,217	23,456	1,448	1,448	20,560	–
Trade and other payables	6,474	6,474	6,474	–	–	–
Lease liabilities	2,261	2,822	354	249	769	1,450
	30,862	32,752	8,276	1,697	21,329	1,450

As at 31 December 2018

			Contractual cash flows			
	Carrying Total £000	*Total £000*	*Within one year £000*	*Between one to two years £000*	*Between two to five years £000*	*More than five years £000*
Non-derivative financial liabilities						
Contingent consideration	1,317	1,317	1,317	–	–	–
Bank loans	21,222	22.522	1,498	1,998	19,026	–
Related party loan notes	3,000	3,000	3,000	–	–	–
Trade and other payables	8,142	8,142	8,142	–	–	–
Lease liabilities	3,506	4,213	676	611	1,470	1,456
	37,187	39,194	14,633	2,609	20,496	1,456

As at 31 December 2020

			Contractual cash flows			
	Carrying Total £000	*Total £000*	*Within one year £000*	*Between one to two years £000*	*Between two to five years £000*	*More than five years £000*
Non-derivative financial liabilities						
Bank loans	47,490	48,970	7,793	8,765	32,412	–
Related party loan notes	1,045	1,045	–	–	1,045	–
Trade and other payables	7,698	7,698	7,698	–	–	–
Lease liabilities	3,445	4,018	827	702	1,470	1,019
	59,678	61,731	16,318	9,467	34,927	1,019

As at 31 December 2020

			Contractual cash flows			
	Carrying Total £000	*Total £000*	*Within one year £000*	*Between one to two years £000*	*Between two to five years £000*	*More than five years £000*
Non-derivative financial liabilities						
Bank loans	43,008	43,841	8,674	35,167	–	–
Related party loan notes	1,121	1,121	–	1,121	–	–
Trade and other payables	7,243	7,243	7,243	–	–	–
Lease liabilities	3,014	3,441	805	713	1,278	645
	54,386	55,646	16,722	37,001	1,278	645
Derivative financial liabilities						
Interest rate swaps	38	38	38	–	–	–
	38	38	38	–	–	–

c) *Market risk*

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the HFI Group's income or the value of its holdings of financial instruments. The HFI Group's exposure to market risk is primarily related to currency risk and interest rate risk.

Currency risk

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 HFI Group's activities expose it primarily to the financial risks of movements in foreign currency exchange rates. The HFI Group monitors net currency exposures and hedges as necessary.

The HFI Group has US dollar–denominated net assets as noted in the table below. A 2% increase/decrease in the Sterling: US dollar exchange rate would decrease/increase the HFI Group's net assets as follows:

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
US dollar-denominated net assets				
Effect of 2% movement in exchange rates	283	152	257	208

The HFI Group has Singapore dollar–denominated net assets as noted in the table below. A 2% increase/decrease in the Sterling: Singapore dollar exchange rate would decrease/increase the HFI Group's net assets as follows:

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Singapore dollar-denominated net assets				
Effect of 2% movement in exchange rates	10	31	43	20

The HFI Group has Canadian dollar–denominated net (liabilities)/assets as noted in the table below. A 2% increase/decrease in the Sterling: Canadian dollar exchange rate would decrease/increase the HFI Group's net assets as follows:

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Canadian dollar-denominated net (liabilities)/assets				
Effect of 2% movement in exchange rates	–	5	(4)	(7)

The HFI Group has AED denominated net assets as noted in the table below. A 2% increase/decrease in the Sterling: AED exchange rate would decrease/increase the HFI Group's net assets as follows:

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
AED-denominated net (liabilities)/assets				
Effect of 2% movement in exchange rates	4	3	9	3

Interest risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest-bearing investments. Cash flow interest rate risk is the risk that the future cash flows of floating interest-bearing investments will fluctuate because of fluctuations in the interest rates.

The HFI Group is exposed to interest rate movements on its external bank borrowing. Based on average loans and borrowing an increase/(decrease) of 0.25% in effective interest rates would increase/(decrease) the interest charged to the statement of income by £68,000 (2019: £85,000 and 2018: £16,000).

d) *Capital Risk Management*

The HFI Group's objectives when managing capital (defined as net debt plus equity) are to safeguard our ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while optimising returns to shareholders through an appropriate balance of debt and equity funding. The HFI Group manages its capital structure and makes adjustments to it with respect to changes in economic conditions and our strategic objectives.

25. Related Parties

Note 26 provides information about the entities included in the combined historical financial information as well as the Group's structure, including details of the subsidiaries and the holding company.

Key managerial personnel:

A W Pirie

Ultimate parent undertaking of the HFI Group:

BP INV2 Holdco Limited

Immediate parent undertaking of the HFI Group:

BP INV2 Newco Limited

Entity with significant influence over the HFI Group:

BP INV2B Bidco Limited

A. ***Transactions during the period with related parties:***

	For the year ended 31 Dec 2018 £000	*For the year ended 31 Dec 2019 £000*	*For the year ended 31 Dec 2020 £000*
Dividend expense			
BP INV2 Newco Limited	1,492	–	–
Interest expense			
BP INV2 Bidco Limited	–	23	75
Compensation to key management personnel			
Emoluments	462	411	282

B. ***Outstanding balances with related parties as at year end:***

	As at 1 Jan 2018 £000	*As at 31 Dec 2018 £000*	*As at 31 Dec 2019 £000*	*As at 31 Dec 2020 £000*
Receivables from:				
BP INV2B Bidco Limited	–	–	820	820
BP INV2 Holdco Limited	270	303	383	421
	270	303	1,203	1,241
Payables to:				
BP INV2B Bidco Limited	–	–	(1,045)	(1,121)
Other payables:				
BP INV2 Holdco Limited	(20)	(20)	(45)	(46)
BP INV2 Newco Limited	–	–	(2)	(9)
	(20)	(20)	(1,092)	(1,176)

26. Group Structure

At the year-end 31 December 2020, the ultimate parent undertaking and controlling party was BP INV2 Holdco Limited and the immediate parent undertaking and controlling party was BP INV2 Newco Limited, both the companies incorporated in England and Wales.

The HFI Group is defined as 'BP INV2 Pledgeco Limited' and 'Ashtead US Pledgeco Inc', together with all subsidiaries of both entities as set out below:

		Equity Interest at			
Name of the Group company	*Country of Incorporation*	*1 Jan 2018*	*31 Dec 2018*	*31 Dec 2019*	*31 Dec 2020*
BP INV2 Bidco Limited*	England & Wales	100%	100%	0%	0%
Amazon Group Limited*	England & Wales	100%	100%	0%	0%
Amazon Investco Limited*	England & Wales	100%	100%	0%	0%
Amazon Acquisitions Limited	England & Wales	100%	100%	100%	100%
Ashtead Technology (South East Asia) PTE Limited	Singapore	100%	100%	100%	100%
Ashtead Technology Limited	Scotland	100%	100%	100%	100%
TES Survey Equipment Services LLC	UAE	100%	100%	100%	100%
Ashtead Technology Offshore Inc	USA	100%	100%	100%	100%
Welaptega Marine Limited	Canada	0%	100%	100%	100%
Welaptega Marine UK Limited#	Scotland	0%	100%	100%	0%
Aqua-Tech Solutions LLC^	USA	0%	0%	100%	100%
Alpha Subsea LLC^	USA	0%	0%	100%	100%
Underwater Cutting Solutions Ltd^^	England & Wales	0%	0%	100%	100%

* On 22 January 2019, BP INV2 Bidco Limited, Amazon Group Limited and Amazon Investco Limited were liquidated.

** On 7 September 2020 Welaptega Marine UK Limited was liquidated

\# On 21 November 2018, the Group acquired 100% of the issued share capital of Welaptega Marine Limited and its subsidiary Welaptega Marine UK Limited, companies whose primary activity is the provision of equipment solutions to the oil and gas industry.

^ On 24 April 2019, the Group acquired 100% of the voting shares of Aqua-Tech Solutions LLC and its subsidiary Alpha Subsea LLC, companies based in USA and specialising provision of equipment solutions to the oil and gas industry.

^^ On 4 September 2019, the Group acquired the entire share capital of Underwater Cutting Solutions Limited, a company whose primary activity is the provision of subsea cutting services.

27. Subsequent Events

On 21 July 2021 the Group extended the termination date on the existing senior B bank loans and revolving credit facility from April 2022 to October 2023. There were no significant changes to the other terms of the bank loans.

In connection with admission and the placing, the Group has undertaken a reorganisation, the material steps of which are summarised in Paragraph 10 of Part VII of the Admission Document.

28. Restatement of Previous GAAP (FRS102) Financial Statements

As part of the transition process to IFRS previous accounting under FRS102 was reviewed and certain errors were identified. Therefore, the financial statements as reported under FRS 102 have been restated. In the year ended 31 December 2018 and 31 December 2019, goodwill of £4,483,000 and £335,000 respectively have originally been treated as disposed of. Given that the underlying operations of the historical acquirees have not been disposed of in either years ended 31 December 2018 or 31 December 2019, no goodwill disposal is considered to have taken place. The goodwill, previously treated as disposed of, has therefore been reinstated within the financial statements under FRS 102, with the corresponding entry to reserves.

Transaction costs of £2,443,000 incurred in 2018 on the acquisitions of Welaptega Marine Ltd and Forum Subsea Rentals have originally been recognised directly in reserves. These transaction costs, which are directly attributable to business combinations, should be included in the cost of the business combination under FRS 102. Accordingly, the FRS 102 financial statements, which have been used as the basis for the transition to IFRS, have been adjusted so that these transaction costs are reflected in goodwill. For the purposes of the HFI Group these costs of £2,443,000 are expensed to the income statement in line with the IFRS GAAP adjustment at note 29 below.

Under FRS 102, the above adjustments to goodwill totalling £6,926,000 in 2019 and £7,261,000 in 2019 and 2020 should have been subject to amortisation. Taking consideration of the timings of the underlying acquisitions the amortisation under FRS 102 should have been £622,000 in 2018, £726,000 in 2019 and 2020. For the purposes of presenting statements under IFRS for the HFI Group the amortisation has been reversed, as per note 29 below.

As a result of the errors identified above, together with the non-recognition of a non-controlling interest upon the issue of share capital in Ashtead US Pledgeco Inc and BP INV2 Pledgeco Ltd to the former owners of Forum Subsea Rentals, a balance accumulated within the foreign currency translation reserve, which did not arise from the translation of foreign subsidiaries. Accordingly the errors have been adjusted for via the foreign currency translation reserve with a net debit entry posted to other comprehensive income of £4,544,000 in 2018.

The impact on individual reserves are not separately presented due to the all equity being presented as invested capital as explained in note 1.2.

29. Explanation of Transition to IFRS

As stated in note 1, the combined historical financial information of the HFI Group for the three years ended 31 December 2020 is the first financial information prepared for the HFI Group in accordance with IFRS. The date of the transition to IFRS is 1 January 2018 (the 'transition date'). The accounting policies described in note 1 were applied when preparing the combined historical financial information for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the Balance Sheet as at the transition date.

The HFI Group (as defined in note 1 and note 26) has never prepared combined financial information under IFRS or any other generally accepted accounting principles. As a first step, management extracted the

historical financial information of the Group from the consolidated financial statements of BP INV2 Holdco Limited prepared under FRS 102 to prepare the combined historical financial information of the HFI Group as per FRS 102.

As a next step, management prepared the opening IFRS Balance Sheet on the transition date by adjusting the extracted combined historical financial information of the HFI Group as per FRS 102, by applying IFRS 1 First-Time Adoption of International Financial Reporting Standards (IFRS), which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively. Finally, the combined historical financial information of the HFI Group for the three years ended 31 December 2020 were prepared in accordance with IFRS by applying the accounting policies described in note 1.

An explanation of how the transition from previous GAAP to IFRSs has affected the HFI Group's combined financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Optional exemptions and mandatory exceptions used during transition to IFRS:

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

A. ***Business combinations***

IFRS 1 provides an option to apply IFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the transition date. The HFI Group has elected to apply IFRS 3 prospectively to business combinations occurring after its transition date i.e., 1 January 2018.

IFRS 1 also requires that the previous GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the HFI Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised in respect of goodwill as at 1 January 2018.

B. ***Leases***

The HFI Group has applied the practical expedient on assessment of leases. All contracts entered into (or changed) on or after 1 January 2018 are assessed under IFRS 16 to determine whether a contract contains a lease or not. Lease liabilities and right-of-use assets are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2018. In addition, the HFI Group, as a lessee, has elected the following recognition exemptions on the transition date:

- The short-term lease exemption is applied to leases with a remaining term of less than 12 months;
- The low value lease exemption is applied to leased assets with a capital value of under £5,000;
- Initial direct costs are not considered in the measurement of the ROU asset; and
- Hindsight is applied when determining the lease term on the date of transition.

C. ***Revenue***

IFRS 1 provides a list of practical expedients on application of IFRS 15 Revenue from contracts with customers. The HFI Group has considered the following practical expedients provided on transition to IFRS.

- No restatement of completed contracts.
- Use of the transaction price at the date the contract was completed, rather than estimating variable consideration in comparative reporting periods.

- For contract modifications before the beginning of the earliest period presented, there is no requirement to retrospectively restate the contract for those modifications.
- There is no requirement to disclose the amount of the transaction price allocated to the remaining performance obligations and no explanation is required of when revenue is expected to be recognised.

Considering the nature of the contracts with customers on the sale of equipment or provision of services, the above exemptions are considered not substantive.

Mandatory exceptions

A. ***Estimates***

The estimates as at 1 January 2018, 31 December 2018, 31 December 2019 and 31 December 2020 are consistent with those made for the same dates in accordance with the previous GAAP apart from the following items where application of the previous GAAP did not require estimation:

- Impairment of financial assets based on the expected credit loss model.

B. ***Classification and measurement of financial instruments***

IFRS 1 requires assessment of whether the conditions given under IFRS 9 for classification are met based on the facts and circumstances that exist at the date of transition to IFRS.

The HFI Group's financial instruments consist of trade and other receivables, trade and other payables, borrowings, and derivative instruments. On the transition date, the HFI Group has measured financial instruments except derivatives, at amortised cost under the previous GAAP. The HFI Group has applied hedge accounting to derivative instruments under the previous GAAP. The HFI Group has determined that there are no transition date adjustments required in relation to the classification of financial instruments except for derivative financial instruments (refer para 3 below). Derivative financial instruments shall continue to be measured at fair value with a discontinuation of hedge accounting as on the date of transition and for the year ended 31 December 2018 (refer to note 15).

C. ***Hedge accounting***

A mandatory exception in IFRS 1 prohibits a first-time adopter from retrospectively designating transactions as hedges. Accordingly, the exception requires a first-time adopter to apply hedge accounting prospectively from the date of transition if the conditions for hedge accounting under IFRS are met. The HFI Group did not meet the documentation requirement for its existing derivative financial instruments and has discontinued the application of hedge accounting on the date of transition. Hedge accounting has been applied prospectively for the years ended 31 December 2019 and 31 December 2020.

D. ***Derecognition of financial assets and financial liabilities***

An exception from applying the general requirements of IFRS in respect of derecognition of financial instruments at the date of transition applies to transactions that took place before the date of transition. The HFI Group has applied the derecognition requirements in IFRS 9 prospectively for transactions occurring on or after the date of transition in respect of all financial assets and financial liabilities.

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS for the year ended 31 December 2018 £000*
Revenue		37,710	–	–	37,710
Cost of sales		(9,976)	–	–	(9,976)
Gross profit		27,734	–	–	27,734
Administrative expenses	a, b & c	(25,031)	(622)	1,434	(24,219)
Other operating income	e	734	–	26	760
Operating Profit		3,437	(622)	1,460	4,275
Exceptional income		97	–	–	97
Finance income		1	–	–	1
Finance costs	a	(2,360)	–	(139)	(2,499)
Profit before taxation		1,175	(622)	1,321	1,874
Taxation credit	f	706	–	49	755
Profit for the period		1,881	(622)	1,370	2,629
Profit attributable to:					
Equity shareholders of the invested capital		1,881	(622)	1,370	2,629

COMBINED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS for the year ended 31 December 2018 £000*
Profit for the year		1,881	(622)	1,370	2,629
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit and loss					
Exchange differences on translation of foreign operations	a & d	4,756	(4,544)	52	264
Net loss on cash flow hedges	e	26	–	(26)	–
Other comprehensive income/(expense) for the period, net of tax		4,782	(4,544)	26	264
Total comprehensive income/(expense)		6,663	(5,166)	1,396	2,893
Total comprehensive (expense)/ income attributable to:					
Equity shareholders of the invested capital		6,663	(5,166)	1,396	2,893

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS for the year ended 31 December 2019 £000*
Revenue		47,780	–	–	47,780
Cost of sales		(11,914)	–	–	(11,914)
Gross profit		35,866	–	–	35,866
Administrative expenses	a, b & c	(30,701)	(726)	3,111	(28,316)
Other operating income	d	1,195	–	15	1,210
Operating Profit		6,360	(726)	3,126	8,760
Exceptional income		–	–	–	–
Finance income		–	–	–	–
Finance costs	a	(3,132)	–	(183)	(3,315)
Profit/(loss) before taxation		1,776	726	2,943	5,445
Taxation charge	f	(1,085)	–	675	(410)
Profit/(loss) for the period		691	726	3,618	5,035
Profit attributable to:					
Equity shareholders of the invested capital		691	726	3,618	5,035

COMBINED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS for the year ended 31 December 2019 £000*
Profit/(loss) for the period		691	726	3,618	5,035
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit and loss					
Exchange differences on translation of foreign operations	a & d	(674)	335	(156)	(495)
Net loss on cash flow hedges		(243)	–	–	(243)
Other comprehensive income/(expense) for the period, net of tax		(917)	335	(156)	(738)
Total comprehensive (expense)/income		(226)	1,061	3,462	4,297
Total comprehensive (expense)/ income attributable to:					
Equity shareholders of the invested capital		(226)	1,061	3,462	4,297

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

For the year ending 31 December 2020

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS for the year ended 31 December 2020 £000*
Revenue		42,401	–	–	42,401
Cost of sales		(11,044)	–	–	(11,044)
Gross profit		31,357	–	–	31,357
Administrative expenses	a, b & c	(33,688)	(726)	4,619	(29,796)
Other operating income		1,547	–	–	1,547
Operating profit/(loss)		(785)	(726)	4,619	3,108
Exceptional income		–	–	–	–
Finance income		–	–	–	–
Finance costs	a	(3,681)	–	(168)	(3,849)
(Loss)/profit before taxation		(4,466)	(726)	4,451	(741)
Taxation charge	f	(567)	–	310	(257)
(Loss)/profit for the period		(5,033)	(726)	4,761	(998)
(Loss)/profit attributable to:					
Equity shareholders of the invested capital		(5,033)	(726)	4,761	(998)

COMBINED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS for the year ended 31 December 2020 £000*
(Loss)/profit for the year		(5,033)	(726)	4,761	(998)
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit and loss		–	–	–	–
Exchange differences on translation of foreign operations	a & d	(270)	–	(255)	(525)
Net loss on cash flow hedges		(108)	–	–	(108)
Other comprehensive income/(expense) for the period, net of tax		(378)	–	(255)	(633)
Total comprehensive (expense)/income		(5,411)	(726)	4,506	(1,631)
Total comprehensive (expense)/income attributable to:					
Equity shareholders of the invested capital		(5,411)	(726)	4,506	(1,631)

RECONCILIATION OF COMBINED STATEMENT OF FINANCIAL POSITION

As at 1 January 2018

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS as at 1 January 2018 £000*
Assets					
Property, plant and equipment		17,536	–	–	17,536
Goodwill		23,860	–	–	23,860
Intangible assets		–	–	–	–
Right-of-use assets	a	–	–	2,261	2,261
Deferred tax assets		–	–	–	–
Derivative financial instruments		286	–	–	286
Non-current assets		41,682	–	2,261	43,943
Inventories		9	–	–	9
Trade and other receivables	b	7,908	–	(82)	7,826
Cash and cash equivalents		7,318	–	–	7,318
Current assets		15,235	–	(82)	15,153
Total assets		56,917	–	2,179	59,096
Equity					
Equity attributable to owners of the invested capital		27,775	–	(120)	27,655
Total invested capital		27,775	–	(120)	27,655
Liabilities					
Borrowings		20,982	–	–	20,982
Lease liabilities	a	–	–	1,992	1,992
Provisions for liabilities		104	–	–	104
Deferred tax liabilities	f	228	–	38	266
Non-current liabilities		21,314	–	2,030	23,344
Borrowings		1,145	–	–	1,145
Trade and other payables		6,474	–	–	6,474
Income tax payable		209	–	–	209
Lease liabilities	a	–	–	269	269
Derivative financial instruments		–	–	–	–
Current liabilities		7,828	–	269	8,097
Total liabilities		29,142	–	2,299	31,441
Total equity and liabilities		56,917	–	2,179	59,096

RECONCILIATION OF COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS as at 31 December 2018 £000*
Assets					
Property, plant and equipment		25,750	–	–	25,750
Goodwill	c & d	25,125	6,304	2,488	33,917
Intangible assets	d	–	–	221	221
Right-of-use assets	a	–	–	3,421	3,421
Deferred tax assets	f	727	–	(29)	698
Derivative financial instruments		313	–	–	313
Non-current assets		51,915	6,304	6,101	64,320
Inventories		44	–	–	44
Trade and other receivables	b	12,564	–	(4)	12,560
Cash and cash equivalents		2,650	–	–	2,650
Current assets		15,258	–	(4)	15,254
Total assets		67,173	6,304	6,097	79,574
Equity					
Equity attributable to owners of the invested capital		34,439	6,304	1,274	42,017
Total invested capital		34,439	6,304	1,274	42,017
Liabilities					
Borrowings		23,116	–	–	23,116
Lease liabilities	a	–	–	2,994	2,994
Provisions for liabilities		140	–	–	140
Deferred tax liabilities		–	–	–	–
Non-current liabilities		23,256	–	2,994	26,250
Borrowings		1,106	–	–	1,106
Trade and other payables	d	8,142	–	1,317	9,459
Income tax payable		230	–	–	230
Lease liabilities	a	–	–	512	512
Derivative financial instruments		–	–	–	–
Current liabilities		9,478	–	1,829	11,307
Total liabilities		32,734	–	4,823	37,557
Total equity and liabilities		67,173	6,304	6,097	79,574

RECONCILIATION OF COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS as at 31 December 2019 £000*
Assets					
Property, plant and equipment		27,597	–	–	27,597
Goodwill	c & d	41,372	5,913	1,437	48,722
Intangible assets	d	–	–	3,853	3,853
Right–of–use–assets	a	–	–	3,261	3,261
Deferred tax assets	f	756	–	(298)	458
Derivative financial instruments		70	–	–	70
Non–current assets		69,795	5,913	8,253	83,961
Inventories		1,107	–	–	1,107
Trade and other receivables	b	16,933	–	(73)	16,860
Cash and cash equivalents		4,855	–	–	4,855
Current assets		22,895	–	(73)	22,822
Total assets		92,690	5,913	8,180	106,783
Equity					
Equity attributable to owners of the invested capital		35,505	5,913	4,735	46,153
Total invested capital		35,505	5,913	4,735	46,153
Liabilities					
Borrowings		41,400	–	–	41,400
Lease liabilities	a	–	–	2,799	2,799
Provisions for liabilities		112	–	–	112
Deferred tax liabilities	f	–	–	–	–
Non–current liabilities		41,512	–	2,799	44,311
Borrowings		7,135	–	–	7,135
Trade and other payables		7,698	–	–	7,698
Income tax payable		840	–	–	840
Lease liabilities	a	–	–	646	646
Derivative financial instruments		–	–	–	–
Current liabilities		15,673	–	646	16,319
Total liabilities		57,185	–	3,445	60,630
Total equity and liabilities		92,690	5,913	8,180	106,783

RECONCILIATION OF COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	*Previous GAAP (FRS 102) £000*	*Adjustments to restate FRS 102 combined financial statements[h] £000*	*IFRS adjustments £000*	*IFRS as at 31 December 2020 £000*
Assets					
Property, plant and equipment		22,004	–	–	22,004
Goodwill	c & d	36,116	5,187	7,282	48,585
Intangible assets	d	–	–	2,285	2,285
Right-of-use-assets	a	–	–	2,728	2,728
Deferred tax assets	f	734	–	13	747
Non-current assets		58,854	5,187	12,308	76,349
Inventories		1,245	–	–	1,245
Trade and other receivables	b	11,257	–	(52)	11,205
Cash and cash equivalents		10,958	–	–	10,958
Derivative financial instruments		–	–	–	–
Current assets		23,460	–	(52)	23,408
Total assets		82,314	5,187	12,256	99,757
Equity					
Equity attributable to owners of the invested capital		30,255	5,187	9,242	44,684
Total invested capital		30,255	5,187	9,242	44,684
Liabilities					
Borrowings		36,122	–	–	36,122
Lease liabilities	a	–	–	2,333	2,333
Provisions for liabilities		134	–	–	134
Deferred tax liabilities		–	–	–	–
Non-current liabilities		36,256	–	2,333	38,589
Borrowings		8,007	–	–	8,007
Trade and other payables		7,243	–	–	7,243
Income tax payable		515	–	–	515
Lease liabilities	a	–	–	681	681
Derivative financial instruments		38	–	–	38
Current liabilities		15,803	–	681	16,484
Total liabilities		52,059	–	3,014	55,073
Total equity and liabilities		82,314	5,187	12,256	99,757

Notes to the reconciliation of equity as at 1 January 2018, 31 December 2018, 31 December 2019 and 31 December 2020 and total comprehensive income for the year ended 31 December 2018, 31 December 2019 and 31 December 2020.

a) Leases

Under the previous GAAP, as a lessee for operating leases, the HFI Group has recognised lease rentals in the statement of income on a straight line basis over the lease term.

On transition to IFRS, the HFI Group has applied IFRS 16 for lease accounting. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2018. Right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2018. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis. The right-of-use asset is depreciated over the lease term and interest on the lease liability is charged based on the incremental borrowing rate.

Application of IFRS 16 has resulted in replacement of operating lease rental expense on a straight-line basis in the statement of income by an interest charge on the lease liability based on the incremental borrowing rate and depreciation of the right-of-use asset. However, the lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value continue to be expensed in the statement of income.

The transition has also resulted in an impact on the foreign currency translation reserve arising on operating leases recognised by foreign subsidiaries.

Under the previous GAAP, at the end of 31 December 2017, the Group disclosed £2,987,000 of operating lease commitments in the consolidated financial statements of 'BP INV2 Holdco Limited' pertaining to the HFI Group. The below table shows a reconciliation between the operating lease commitments presented under the previous GAAP to the opening lease liabilities recognised in accordance with IFRS 16.

	£000
Operating lease commitments based on gross cash flows discloses at 31 December 2017	2,987
Less: Short term leases and other reconciling items	(165)
Less: Finance costs	(561)
IFRS 16 lease liability as at 1 January 2018	2,261

b) Expected credit losses

Under FRS 102, the Group recognises a provision for doubtful debts where there is objective evidence that trade debtors have been impaired. A specific provision is recognised against receivables from customers for which there is considered to be a likelihood of default.

IFRS 9 introduces an 'expected credit loss (ECL)' model for the impairment of financial assets. Under the ECL, companies are required to account for what they expect the loss to be on the day they raise the invoice –and they revise their estimate of that loss until the date they get paid. This differs from the treatment under FRS 102, under which impairments are only recorded if there is a triggering event indicating default or payment shortfall.

The application of the ECL has resulted in an increase in the provision for receivables recognised in the statement of financial position, with a corresponding impact upon retained earnings, as on the date of transition, and profits/losses for the period end 31 December 2018, 31 December 2019 and 31 December 2020.

c) Goodwill amortisation

Goodwill was previously amortised over a period of ten years as per the requirements of FRS 102. Under IFRS, goodwill is not amortised but tested for impairment annually.

Thus, goodwill previously amortised under FRS 102, is now restored by reversing the goodwill amortisation expense.

d) Business combinations

The HFI Group has applied IFRS 3 Business Combinations to acquisitions that have taken place after the transition date. The HFI Group has recognised intangible assets arising on the acquisitions of Welaptega Marine Limited, Underwater Cutting Solutions Limited and Aqua-Tech Solutions LLC recognised separately in accordance with IFRS, which were previously subsumed within goodwill under FRS 102. There has also been an impact on the foreign currency translation reserve, as goodwill and intangibles are denominated in the functional currency of the operation to which they relate. Adjustments are also made to expense acquisition transaction costs to the statement of income in the year of the acquisition. Under FRS 102, the transition costs were capitalised within goodwill. In addition, contingent consideration for the acquisition of Welaptega Marine Limited is included in the fair value of consideration on the date of acquisition. A corresponding liability is recognised equivalent to the fair value of contingent consideration not yet paid.

e) Hedge accounting

The HFI Group has applied hedge accounting under IFRS 9 Financial Instruments for interest rate swaps. On the date of transition to IFRS and for the year ended 31 December 2018, the HFI Group did not meet the documentation requirements for hedge accounting under IFRS. This has resulted in the discontinuation of hedge accounting with the reclassification of fair value movements, previously recognised in other comprehensive income, to the statement of income for the year ended 31 December 2018.

f) Deferred tax

The above IFRS adjustments have resulted in an impact on deferred tax recognised in the financial information.

g) Statement of cash flows

Under the previous GAAP, cash flows arising from operating lease payments are classified as operating activities. Under IFRS, the HFI Group has applied a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of the principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by £721,000 (2019: £632,000 and 2018: £352,000) and cash outflows from financing activities increased by the same amount for the period ended 31 December 2020, 31 December 2019 and 31 December 2018.

Under the previous GAAP, transaction costs on acquisition were capitalised and recognised as an investing activity. Under IFRS, the HFI Group has recognised the transaction costs for the period ended 31 December 2019 of £1,031,000 (2018: £2,443,000) on acquisition as an expense and reflected in the operating cash flows.

h) Adjustments to restate FRS 102 combined financial statements

Adjustments to restatement combined financial statements are discussed at note 28.

30. Reconciliation of Non-IFRS Profit Metrics

Reconciliation of Adjusted EBITDA

For the year ended 31 December

		2018	*2019*	*2020*
		£000	*£000*	*£000*
Adjusted EBITDA		16,883	21,919	17,037
Cost associated with M&A		(2,981)	(1,759)	(865)
Restructuring costs		(156)	(144)	(374)
One-off upgrade of IT system		(46)	(325)	(113)
One-off bad debts & debt collection costs		(41)	–	(319)
US PPP loan forgiveness		–	–	391
One-off rebranding of whole Group		(139)	(5)	–
Other exceptional costs		(24)	–	(17)
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)^		13,496	19,686	15,740
Depreciation on property, plant and equipment	10	(8,890)	(9,046)	(9,924)
Depreciation on right of use asset	20	(430)	(734)	(829)
Operating profit before amortisation and foreign exchange gain/(loss)		4,176	9,906	4,987
Amortisation of intangible assets	11	(8)	(794)	(1,567)
Foreign exchange gain/(loss)		107	(352)	(312)
Operating profit		4,275	8,760	3,108

Reconciliation of Adjusted EBITA

For the year ended 31 December

		2018	*2019*	*2020*
		£000	*£000*	*£000*
Adjusted EBITA		7,563	12,139	6,284
Cost associated with M&A		(2,981)	(1,759)	(865)
Restructuring costs		(156)	(144)	(374)
One-off upgrade of IT system		(46)	(325)	(113)
One-off bad debts & debt collection costs		(41)	–	(319)
US PPP loan forgiveness		–	–	391
One-off rebranding of whole Group		(139)	(5)	–
Other exceptional costs		(24)	–	(17)
Amortisation of intangible assets	11	(8)	(794)	(1,567)
Foreign exchange gain/(loss)		107	(352)	(312)
Operating profit		4,275	8,760	3,108

Section C: Unaudited Interim Combined Financial Information

Unaudited Combined Statement of Income

	For the period ended 30 June 2021 £000	*For the period ended 30 June 2020 £000*	*Year ended 31 December 2020 £000*
Revenue	24,691	19,743	42,401
Cost of sales	(6,904)	(5,092)	(11,044)
Gross profit	17,787	14,651	31,357
Administrative expenses	(14,340)	(14,126)	(29,796)
Other operating income	585	563	1,547
Operating Profit	4,032	1,088	3,108
Finance costs	(1,960)	(1,993)	(3,849)
Profit/(loss) before taxation	2,072	(905)	(741)
Taxation (charge)/credit	(708)	(200)	(257)
Profit/(loss) for the period	1,364	(1,105)	(998)
Profit/(loss) attributable to:			
Equity shareholders of the invested capital	1,364	(1,105)	(998)
	1,364	(1,105)	(998)
The below financial measures are non-GAAP metrics used by management and are not an IFRS disclosure:			
Adjusted EBITDA^	10,121	7,458	17,037
Adjusted EBITA^^	5,536	2,449	6,284

^ Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation and items not considered part of underlying trading including share based payments and foreign exchange gains and losses, is a non-GAAP metric used by management and is not an IFRS disclosure. See note 6 to the unaudited interim combined financial information for calculations.

^^ Adjusted EBITA is calculated as earnings before interest, tax, amortisation, and items not considered part of underlying trading including share based payments and foreign exchange gains and losses, is a non-GAAP metric used by management and is not an IFRS disclosure. See note 6 to the unaudited interim combined financial information for calculations.

All results derive from continuing operations.

Unaudited Combined Statement of Comprehensive Income

	For the period ended 30 Jun 2021 £000	*For the period ended 30 Jun 2020 £000*	*For the year ended 31 Dec 2020 £000*
Profit/(loss) for the period	1,364	(1,105)	(998)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	(45)	464	(525)
Net gain/(loss) on cash flow hedges	351	(139)	(108)
Other comprehensive income/(expense) for the period, net of tax	306	325	(633)
Total comprehensive income/(expense)	1,670	(780)	(1,631)
Total comprehensive income/(expense) attributable to:			
Equity shareholders of the invested capital	1,670	(780)	(1,631)

Unaudited Combined Statement of Financial Position

	As at 30 June 2021 £000	*As at 30 June 2020 £000*	*As at 31 Dec 2020 £000*
Property, plant and equipment	20,865	26,903	22,004
Goodwill	48,549	49,100	48,585
Intangible assets	1,518	3,170	2,285
Right-of-use assets	2,954	3,266	2,728
Deferred tax assets	764	529	747
Non-current assets	74,650	82,968	76,349
Inventories	1,782	1,188	1,245
Trade and other receivables	16,176	14,965	11,205
Cash and cash equivalents	7,702	8,655	10,958
Current assets	25,660	24,808	23,408
Total assets	100,310	107,776	99,757
Equity			
Equity attributable to owners of the invested capital	46,352	45,534	44,684
Total invested capital	46,352	45,534	44,684
Liabilities			
Loans and borrowings	1,160	41,174	36,122
Lease liabilities	2,450	2,746	2,333
Provisions for liabilities	310	133	134
Non-current liabilities	3,920	44,053	38,589
Loans and borrowings	38,901	7,833	8,007
Trade and other payables	9,327	8,867	7,243
Income tax payable	1,042	675	515
Lease liabilities	768	744	681
Derivative financial instruments	–	70	38
Current liabilities	50,038	18,189	16,484
Total liabilities	53,958	62,242	55,073
Total equity and liabilities	100,310	107,776	99,757

Unaudited Combined Statement of Changes in Equity

	Total invested capital £000
Balance at 1 January 2020	46,153
Loss for the period	(998)
Other comprehensive expense	(633)
Total comprehensive expense for the period	(1,631)
Transactions with owners of the invested capital:	
Movement in invested capital	162
Balance at 31 December 2020	44,684
Balance at 1 January 2020	46,153
Loss for the period	(1,105)
Other comprehensive income	325
Total comprehensive income for the period	(780)
Transactions with owners of the invested capital:	
Movement in invested capital	161
Balance at 30 June 2020	45,534
Balance at 1 January 2021	44,684
Loss for the period	1,364
Other comprehensive expense	306
Total comprehensive expense for the period	1,670
Transactions with owners of the invested capital:	
Movement in invested capital	(2)
Balance at 30 June 2021	46,352

Unaudited Combined Statement of Cash Flows

	For the period ended 30 Jun 2021 £000	*For the period ended 30 Jun 2020 £000*	*For the year ended 30 Dec 2020 £000*
Cash generated from operating activities			
Profit/(loss) before taxation	2,072	(905)	(741)
Adjustments to reconcile profit/(loss) before taxation to net cash from operating activities:			
Finance costs	1,960	1,993	3,849
Depreciation	4,586	5,009	10,753
Amortisation	760	789	1,567
Gain on sale of property, plant and equipment	(585)	(563)	(1,156)
Forgiveness of loan – US Paycheck Protection Program	–	–	(391)
Provision for liabilities	157	12	5
Cash generated before changes in working capital	8,950	6,335	13,886
Increase in inventories	(542)	(35)	(154)
Increase/(decrease) in trade and other receivables	(5,507)	2,245	4,788
Increase/(decrease) in trade and other payables	2,053	524	109
Cash generated from operating activities	4,954	9,069	18,629
Interest paid	(1,188)	(881)	(2,884)
Tax paid	(115)	(230)	(763)
Net cash generated from operating activities	3,651	7,958	14,982
Cash flow from investing activities			
Purchase of property, plant and equipment	(2,955)	(3,448)	(5,073)
Disposal of property, plant and equipment	779	842	1,620
Net cash outflow on investing activities	(2,176)	(2,606)	(3,453)
Cash flow from financing activities			
Issue of share capital	6	–	–
Loans received	–	3,000	3,409
Transaction fees	(49)	–	–
Repayment of loans	(4,326)	(4,006)	(7,863)
Payment of lease liabilities	(453)	(372)	(721)
Net cash (outflow)/inflow from financing activities	(4,822)	(1,378)	(5,175)
Net increase/(decrease) in cash and cash equivalents	(3,347)	3,974	6,354
Cash and cash equivalents at beginning of the year	10,958	4,855	4,855
Net foreign exchange difference	91	(174)	(251)
Cash and cash equivalents at end of the year	7,702	8,655	10,958

Notes to the Unaudited Combined Interim Financial Information

1. Basis of Preparation

The combined interim financial information of the HFI Group, which is unaudited, has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with International Accounting Standards as adopted by the United Kingdom, except as described below. The accounting policies adopted for the preparation of the interim financial information are consistent with those, which have been set out in Section B of Part III of this AIM Admission Document. The HFI Group does not anticipate any change in these accounting policies for the year ending 31 December 2021.

The combined interim financial information of the HFI Group, which comprises the aggregation of BP INV2 Pledgeco Ltd and Ashtead US Pledgeco Inc (together with the subsidiaries of both entities), for the two periods ended 30 June 2020 and 30 June 2021, has been prepared solely for the purpose of this AIM Admission Document and does not constitute audited statutory accounts within the meaning of section 434 of the Companies Act 2006.

IFRS do not provide guidance for the preparation of combined financial information. Accordingly, certain accounting conventions as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the Financial Reporting Council have been applied. The application of these conventions results in the following departure from IFRS.

Departure from IFRS

The combined financial information of the HFI Group have been prepared by aggregating the assets, liabilities, and results of BP INV2 Pledgeco Ltd and Ashtead US Pledgeco Inc, together with their respective subsidiaries (combined entities). This is after the elimination of any intercompany transactions and intercompany balances between the combined entities. In the absence of a single holding company for the combined entities, it is not meaningful to present separate components of equity, for example share capital, share premium and retained earnings. Instead "invested capital" is presented, which represents the aggregated share capital of BP INV2 Pledgeco Ltd and Ashtead US Pledgeco Inc, together with the aggregated reserves of the combined entities making up the HFI Group.

2. Accounting Policies

The principal accounting policies adopted are set out in Note 1 of Section B of Part III of this Admission Document except as follows:

2.1 ***Taxation***

Taxes on income in the interim periods is accrued using management's best estimate of taxable income in the period multiplied by the applicable rate of tax in each jurisdiction.

3. Segmental reporting

For the six month period ended 30 June 2021

	Europe £000	*Americas £000*	*Asia Pacific £000*	*Middle East £000*	*Central £000*	*Total £000*
Total Revenue	14,596	4,697	4,107	1,291	–	24,961
Cost of sales	(3,669)	(1,685)	(853)	(697)	–	(6,904)
Gross Profit	10,927	3,012	3,254	594	–	17,787
Administrative expenses	(5,457)	(1,780)	(447)	(439)	(640)	(8,763)
Other operating income	283	227	35	40	–	585
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)	5,753	1,459	2,842	195	(640)	9,609
Foreign exchange loss						(232)
Depreciation						(4,585)
Amortisation						(760)
Operating profit						4,032
Finance costs						(1,960)
Profit before taxation						2,072
Taxation charge						(708)
Profit for the period						1,364

For the six month period ended 30 June 2020

	Europe £000	*Americas £000*	*Asia Pacific £000*	*Middle East £000*	*Central £000*	*Total £000*
Total Revenue	10,373	4,829	2,743	1,798	–	19,743
Cost of sales	(2,289)	(1,337)	(716)	(750)	–	(5,092)
Gross Profit	8,084	3,492	2,027	1,048	–	14,651
Administrative expenses	(5,107)	(1,889)	(440)	(328)	(771)	(8,535)
Other operating income	127	134	224	78	–	563
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)	3,104	1,737	1,811	798	(771)	6,679
Foreign exchange gain						207
Depreciation						(5,009)
Amortisation						(789)
Operating profit						1,088
Finance costs						(1993)
Loss before taxation						(905)
Taxation charge						(200)
Loss for the period						(1,105)

4. Financial Instruments

The fair values of all financial instruments included in the statement of financial position are a reasonable approximation of their carrying values.

5. Subsequent Events

On 21 July 2021 the HFI Group extended the termination date on the existing senior B bank loans and revolving credit facility from April 2022 to October 2023. There were no significant changes to the other terms of the bank loans.

In connection with Admission and the Placing, the HFI Group has undertaken a reorganisation, the material steps of which are summarised in paragraph 10 of Part VII of the Admission Document.

6. Reconciliation of Non-IFRS Profit Metrics

Reconciliation of Adjusted EBITDA

	For the period ended 30 June 2021 £000	*For the period ended 30 Jun 2020 £000*	*For the year ended 31 Dec 2020 £000*
Adjusted EBITDA	10,121	7,458	17,037
IPO costs	(88)	–	–
Cost associated with M&A	–	(30)	(865)
Restructuring costs	(119)	(267)	(374)
One-off upgrade of IT system	–	(102)	(113)
One-off bad debts & debt collection costs	(27)	(253)	(319)
US PPP loan forgiveness	–	–	391
One-off rebranding of whole Group	–	–	–
Facility moves	(210)	–	–
Other exceptional costs	(68)	(127)	(17)
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)^	9,609	6,679	15,740
Depreciation on property, plant and equipment	(4,154)	(4,602)	(9,924)
Depreciation on right of use asset	(431)	(407)	(829)
Operating profit before amortisation and foreign exchange gain/(loss)	5,024	1,670	4,987
Amortisation of intangible assets	(760)	(789)	(1,567)
Foreign exchange gain/(loss)	(232)	207	(312)
Operating profit	4,032	1,088	3,108

Reconciliation of Adjusted EBITA

	For the period ended 30 June 2021 £000	*For the period ended 30 Jun 2020 £000*	*For the year ended 31 Dec 2020 £000*
Adjusted EBITA	5,536	2,449	6,284
IPO costs	(88)	–	
Cost associated with M&A	–	(30)	(865)
Restructuring costs	(119)	(267)	(374)
One-off upgrade of IT system	–	(102)	(113)
One-off bad debts & debt collection costs	(27)	(253)	(319)
US PPP loan forgiveness	–	–	391
One-off rebranding of whole Group	–	–	–
Facility moves	(210)	–	
Other exceptional costs	(68)	(127)	(17)
Amortisation of intangible assets	(760)	(789)	(1,567)
Foreign exchange gain/(loss)	(232)	207	(312)
Operating profit	4,032	1,088	3,108

Part IV

Unaudited Pro Forma Statement of Net Assets

The following unaudited pro forma statement of net assets of the HFI Group (the "**unaudited pro forma statement of net assets**") has been prepared by the Directors to illustrate the effect on the combined net assets of the HFI Group as if the receipt of the Placing proceeds ("**Placing**"), pre-IPO settlement of intercompany balances with entities outside of the HFI Group ("**Settlement**"), and the repayment of debt had taken place on 30 June 2021.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and illustrates the impact of the Placing, Settlement and the repayment of third-party debt as if they had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the unaudited pro forma statement of net assets may differ from the HFI Group's actual financial position or results.

The unaudited pro forma statement of net assets is based on the combined net assets of the HFI Group as at 30 June 2021 as set out in the combined interim financial information of the HFI Group set out in Section C of Part III of this document.

The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing such information, and on the basis set out in the notes below.

		Adjustments				
	The HFI Group as at 30 June 2021 (Note 1) £000	*Net Placing proceeds (Note 2) £000*	*Drawing of new borrowings (Note 3) £000*	*Repayment of borrowings (Note 4) £000*	*Settlement of balances with non-HFI entities (Note 5) £000*	*Pro forma net assets of the HFI Group as at 30 June 2021 £000*
Assets						
Non-current assets						
Property, plant and equipment	20,865	–	–	–	–	20,865
Goodwill	48,549	–	–	–	–	48,549
Intangible assets	1,518	–	–	–	–	1,518
Right-of-use-assets	2,954	–	–	–	–	2,954
Deferred tax assets	764	–	–	–	–	764
	74,650	–	–	–	–	74,650
Current assets						
Inventories	1,782	–	–	–	–	1,782
Trade and other receivables	16,176	–	–	–	(1,264)	14,912
Cash and cash equivalents	7,702	11,725	25,000	(41,080)	(1,160)	2,187
Derivative financial instruments	–	–	–	–	–	–
	25,660	11,725	25,000	(41,080)	(2,424)	18,881
Total assets	100,310	11,725	25,000	(41,080)	(2,424)	93,531

		Adjustments				
	The HFI Group as at 30 June 2021 (Note 1) £000	*Net Placing proceeds (Note 2) £000*	*Drawing of new borrowings (Note 3) £000*	*Repayment of borrowings (Note 4) £000*	*Settlement of balances with non-HFI entities (Note 5) £000*	*Pro forma net assets of the HFI Group as at 30 June 2021 £000*
Liabilities						
Non-current liabilities						
Loans and borrowings	(1,160)	–	(25,000)	–	1,160	(25,000)
Lease liabilities	(2,450)	–	–	–	–	(2,450)
Provisions for liabilities	(310)	–	–	–	–	(310)
Deferred tax liabilities	–	–	–	–	–	–
	(3,920)	–	(25,000)	–	1,160	(27,760)
Current liabilities						
Loans and borrowings	(38,901)	–	–	38,901	–	–
Trade and other payables	(9,327)	–	–	1,425	–	(7,902)
Income tax payable	(1,042)	–	–	–	–	(1,042)
Lease liabilities	(768)	–	–	–	–	(768)
Derivative financial instruments	–	–	–	–	–	–
	(50,038)	–	–	40,326	–	(9,712)
Total liabilities	(53,958)	–	(25,000)	40,326	1,160	(37,472)
Net Assets/Liabilities	46,352	11,725	–	(754)	(1,264)	56,059

Notes:

1. The net assets of the HFI Group at 30 June 2021 have been extracted without adjustment from the interim financial information of the HFI Group set out in Section C of Part III of this document.

Adjustments

2. The Placing is estimated to raise net proceeds of £11.7 million (£15.5 million of gross primary proceeds less approximately £3.8 million of transaction fees).

3. The Group has access to a £40 million revolving credit facility (RCF) of which it plans to draw £25 million immediately following Admission to part-fund the repayment of its existing debt. Fees for the new facility will be paid from existing cash balances and are excluded from the above.

4. The drawn RCF and Placing proceeds will be supplemented with existing cash on balance sheet to repay the Group's existing borrowings. The amounts shown in the table above are based on the balances owed at 30 June 2021. The actual amount repaid will be based on the actual balance at the date of repayment. The balance per the balance sheet at 30 June 2021 is shown net of deferred finance costs of £534k which will be written off to P&L. A repayment fee of £1,646k is due to HSBC plc in relation to the existing debt and will be paid as part of the repayment. At 30 June 2021 £1,425k had been accrued and the balance of £221k will be written off to P&L.

5. Certain balances with companies outside the HFI Group but under common control will be settled as part of the pre-IPO re-organisation details of which are set out in paragraph 10 of Part VII of this document.

6. No account has been taken of the financial performance of the HFI Group since 30 June 2021, nor of any other event save as disclosed above.

Part V

Profit Forecast

The Directors anticipate that on the basis of preparation and the principal assumptions set out below, the revenue, Adjusted EBITDA and Adjusted EBITA of the Group for the financial year ending 31 December 2021 will not be less than £52.0 million, £21.5 million and £12.8 million respectively (the "**Profit Forecasts**") and this represents growth of approximately 23%, 26% and 104% respectively compared to the prior year. The Adjusted EBITDA and Adjusted EBITA forecasts constitute profit forecasts under the AIM Rules. The Directors confirm that the Profit Forecasts contained in this document have been made after due and careful enquiry.

Basis of Preparation

The Profit Forecasts have been prepared using the accounting policies adopted by the Group in preparing the consolidated financial information of the Group set out in Part III of this document.

The Profit Forecasts were based on:

- the historical financial information included in this document for the Group for the six months ended 30 June 2021;
- the unaudited management accounts of the Group for the one month ended 31 July 2021; and
- the Directors' forecast for the five months ending 31 December 2021.

In addition, the Profit Forecasts have taken into account the unaudited management accounts of the Group for the two months ended 30 September 2021.

The Profit Forecasts have not been audited. The actual results reported, therefore, may be affected by revisions required to accounting forecasts due to changes in circumstances, the impact of unforeseen events and the correction of errors in the unaudited management accounts or of different judgements made by the Directors at the time of reporting the audited results for financial year ending 31 December 2021 including, without limitation, changes in the Directors' assessment of the impairment of assets (either tangible or intangible).

Principal assumptions

Appropriate assumptions which could have a material effect on the achievement of the Profit Forecasts have been used in their preparation.

Principal assumptions that are within Ashtead Technology's control are as follows:

- No material deterioration in the Group's relationship with customers and suppliers;
- The Group will not execute any acquisitions or disposals that are material; and
- There will be no material change in the current key management.

Principal assumptions that are outside Ashtead Technology's control are as follows:

- No material change, particularly in regions in which the Group operates, to the current prevailing global macroeconomic and political conditions;
- No material change in market conditions within the offshore oil and gas and renewable energy industries in respect of customer demand or the competitive landscape;
- No material change in relevant exchange rates;
- No material change in the Group's labour costs driven by external parties or regulations;

- No material change in inflation, interest or tax rates in the Group's principal markets;
- No adverse event that will have a material impact on the Group's financial performance;
- No change in legislation, tariffs or regulatory environment in the Group's principal markets that materially impact its operations or the accounting principles or standards it follows; and
- No business disruption that materially affects the Group, its suppliers or customers by reason of technological faults, natural disasters, severe adverse weather conditions, acts of terrorism, cyber-attack, pandemics, epidemics, other disease, industrial disruption, civil disturbance or government action.

Nominated Adviser confirmation

Numis Securities Limited, the Company's Nominated Adviser, has confirmed to the Company that it has satisfied itself that the Profit Forecasts have been made after due and careful enquiry by the Directors.

Part VI

UK Taxation

1. UK Taxation

1.1 The comments in this section are intended only as a general guide for UK resident Shareholders as to their tax position under UK law and HM Revenue and Customs ("**HMRC**") practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time.

The information provided in this section is not exhaustive and does not apply to potential UK resident Shareholders who:

(i) do not hold Ordinary Shares as an investment and will be the absolute beneficial owners of them; or

(ii) intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 5%, of any of the classes of shares in the Company; or

(iii) will be required to treat the Ordinary Shares as "employment related securities" for UK tax purposes; or

(iv) intend to acquire Ordinary Shares as part of tax avoidance arrangements; or

(v) are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes; or

(vi) are in any doubt as to their UK taxation position.

Any UK resident Shareholders falling into these categories should consult a professional adviser and obtain specific advice without delay.

Both non-UK resident Shareholders and non-UK domiciled Shareholders should also consult their own tax advisers. As a general comment, shareholders who are neither resident nor temporarily non-resident in the United Kingdom and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom with which the Ordinary Shares are connected, should not normally be liable to UK taxation on dividends paid by the Company, or on capital gains arising on the sale or other disposal of Ordinary Shares (in the case of a temporary non-resident where the Ordinary Shares were acquired in the temporary period of non-residence).

1.2 ***Taxation of Chargeable Gains***

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing is regarded as an acquisition of a new holding in the share capital of the Company.

Where a Shareholder acquires Ordinary Shares allotted to him they should, for the purpose of UK tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional. The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

As noted below, a disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant Shareholder, give rise to a liability to UK taxation on chargeable gains.

1.3 ***Individuals***

Where an individual Shareholder disposes of Ordinary Shares at a gain, UK capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£12,300 for 2021/22) and after taking account of any capital losses available to the individual.

For individuals, UK capital gains tax will be charged at 10% where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (£37,700 for 2021/22). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, UK capital gains tax will be charged at 20%.

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, inter alia, the circumstances of the Company and the Shareholder).

1.4 ***Companies***

Where a Shareholder is within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. For example, an exemption known as the substantial shareholding exemption may exempt a gain from UK corporation tax but this depends on the specific circumstances of each taxpayer and advice should be sought from the Shareholder's professional adviser.

UK corporation tax is charged on chargeable gains at the rate applicable to that company. The rate of UK corporation tax is currently 19% and the rate will increase to 25% after 1 April 2023.

1.5 ***Taxation of dividends***

Under current UK tax legislation, no tax is required to be withheld from dividend payments by the Company.

As discussed below, Shareholders who are resident in the United Kingdom for tax purposes will, depending on their circumstances, be liable to UK income tax or UK corporation tax on those dividends.

1.6 ***Individuals***

Individual Shareholders have the benefit of an annual dividend allowance of £2,000. Dividends falling within this allowance will effectively be taxed at the rate of 0%.

If an individual receives dividends in excess of this allowance, the excess will be taxed at the dividend ordinary rate of 7.5% for basic rate taxpayers, at the dividend higher rate of 32.5% for higher rate taxpayers, and at the dividend additional rate of 38.1% for additional rate taxpayers.

These rates will increase to 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers, and 39.35% for additional rate taxpayers for dividends paid after 6 April 2022.

1.7 ***Companies***

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met.

In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

1.8 ***Stamp duty and Stamp Duty Reserve Tax ("SDRT")***

The below statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher

rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Neither stamp duty nor SDRT should be payable on the issue of Ordinary Shares.

Further, neither UK stamp duty nor SDRT should be payable on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

(i) the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(ii) AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares. Subject to computational rules for either tax the rate of duty is likely to be 0.5% of the consideration paid for the transfer of Ordinary Shares.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.

1.9 ***Inheritance Tax***

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax ("**IHT**") on the value of any Ordinary Shares held by them. IHT may also apply to individual Shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Shares in trading companies listed on AIM may qualify for Business Property Relief. So, an individual or trustee investor may be able to exclude the value of their Ordinary Shares from the IHT charge, but the investor will need to take professional advice to establish if the relief will apply.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

Part VII

Additional information

1. Responsibility

1.1 The Directors, whose names appear on page 8 of this document, and the Company accept responsibility for the information contained in this document for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept individual and collective responsibility for compliance with the AIM Rules.

2. The Company

2.1 The Company was incorporated and registered in England and Wales with registered number 13424040 on 27 May 2021 as a public limited company with the name Redhill plc. The Company was incorporated under the Companies Act. On 5 November 2021 the Company changed its name to Ashtead Technology Holdings plc.

2.2 The principal legislation under which the Company operates is the Companies Act 2006 (the "**Companies Act**") and regulations made under the Companies Act. The liability of the Company's members is limited.

2.3 The Company is domiciled in the United Kingdom. The registered office is 1 Gateshead Close, Sunderland Road, Sandy, Bedfordshire, United Kingdom, SG19 1RS and principal place of business of the Company is Ashtead House, Discovery Drive, Westhill, Aberdeenshire, AB32 6FG (telephone number 01224 771888).

2.4 The Company's accounting reference date is 31 December.

3. Subsidiaries

The Company is the holding company of the Group. The following table contains details of the Company's subsidiaries as at Admission:

Company name	*Principal activity*	*Country of incorporation*	*Percentage ownership*
BP Inv2 Pledgeco Ltd	Intermediate Holding Company	UK	100%
Amazon Acquisitions Ltd	Intermediate Holding Company	UK	100%
Ashtead Technology (SEA) Pte Ltd	Asset rentals	Singapore	100%
Ashtead Technology Ltd	Asset rentals	UK	100%
Underwater Cutting Solutions Ltd	Subsea cutting services	UK	100%
Welaptega Marine Ltd	Inspection services	Canada	100%
TES Survey Equipment Services LLC	Asset rentals	UAE	49%
Ashtead US Pledgeco Inc.	Intermediate Holding Company	USA	100%
Ashtead Technology Offshore Inc.	Asset rentals	USA	100%
Aqua-Tech Solutions LLC	Asset rentals	USA	100%
Alpha Subsea LLC	Asset rentals	USA	100%

4. Share Capital

4.1 Set out below are details of the issued and fully paid up share capital of the Company (i) as at the date of this document and (ii) as it will be immediately following the Placing and Admission:

			Immediately following Admission	
	Present Number	*Nominal value (£)*	*Number*	*Nominal value (£)*
Issued Ordinary Shares	70,000,000	3,500,000	79,582,000	3,979,100

4.2 On incorporation, the authorised share capital of the Company was £100 divided into 100 ordinary shares of £1.00 each.

4.3 The following changes to the issued share capital of the Company have taken place since incorporation:

4.3.1 the sub-division of 100 ordinary shares of £1.00 each into 2,000 Ordinary Shares on 16 November 2021;

4.3.2 the issue of 998,000 Ordinary to BP Newco on 16 November 2021 in order to capitalise the Company to £50,000 in nominal share capital;

4.3.3 the issue of 63,034,999 Ordinary Shares in connection with the Reorganisation on 17 November 2021; and

4.3.4 the issue of 69,000,000 Ordinary Shares in connection with the Reorganisation on 17 November 2021.

Please refer to paragraph 10 of this Part VII for details of the reorganisation of the Group in connection with Admission (the "**Reorganisation**").

4.4 The New Ordinary Shares will be issued in accordance with the following resolutions of the Company passed on 17 November 2021 and conditional on (but effective immediately prior to) Admission taking place, which:

4.4.1 generally and conditionally authorise the Directors in accordance with section 551 of the Companies Act to allot shares or grant options or other rights to subscribe for shares in the Company in connection with the Placing up to an aggregate nominal amount of £479,100, with such authority to expire five years after the passing of the resolution unless previously renewed or varied; and

4.4.2 authorise the Directors pursuant to section 570 of the Companies Act to allot equity securities (within the meaning of section 560 of the Companies Act), or grant options or other rights to subscribe for shares, for cash, (a) pursuant to the authority referred to in paragraph 4.4.1 above, with such authority to expire five years after the passing of the resolution unless previously renewed or varied

4.5 Pursuant to resolutions of the Company passed on 17 November 2021 and conditional on (but effective immediately prior to) Admission taking place, the Directors are:

4.5.1 generally and conditionally authorised in accordance with section 551 of the Companies Act to allot shares or grant options or other rights to subscribe for shares in the Company up to (a) an aggregate nominal amount of up to £1,326,366.65 (representing 26,527,333 Ordinary Shares) and (b) in addition to the amount referred to in (a), up to a further aggregate nominal amount of £1,326,366.65 (representing 26,527,333 Ordinary Shares) in connection with a rights issue, with such authority to expire on 30 June 2022, or if earlier, at the conclusion of the annual general meeting of the Company to be held in 2022;

4.5.2 authorised pursuant to section 570 of the Companies Act to allot equity securities (within the meaning of section 560 of the Companies Act), or grant options or other rights to subscribe for shares, for cash, pursuant to the authority referred to in paragraph 4.5.1 above (a) in respect of issues by way of rights to shareholders, (b) otherwise up to an aggregate nominal amount equal to 5% of the Company's issued ordinary share capital on Admission and (c) up to a further aggregate nominal amount equal to 5% of the Company's issued ordinary share capital on Admission (but only to be used for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group Statement of Principles on Disapplying Pre-Emption Rights) in the period ending on 30 June 2022 or if earlier, at the conclusion of the annual general meeting of the Company held in 2022; and

4.5.3 authorised (subject to the confirmation of the Court) to reduce the amount standing to the credit of the share premium of the Company by £124,000,000.

4.6 The provisions of section 561 of the Companies Act confer on shareholders rights of pre emption in respect of the allotment of securities which are, or are to be paid up in cash (other than by way of allotments to employees under any employee share scheme as defined in section 1166 of the Companies Act). Subject to certain limited exceptions and save to the extent authorised pursuant to the resolutions referred to in paragraphs 4.4 and 4.5 above, unless the approval of shareholders is obtained in a general meeting of the Company, the Company must normally offer Ordinary Shares to be issued for cash to existing shareholders on a pro rata basis.

4.7 By a resolution of the Board passed on 17 November 2021 it was resolved conditionally upon (but effective immediately prior to) Admission taking place, to allot the New Ordinary Shares for cash at the Placing Price and to approve the transfer of the Sale Shares at the Placing Price.

4.8 There are no Ordinary Shares under option as at 18 November 2021 (being the last practicable date before publication of this document).

4.9 There are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

4.10 The Ordinary Shares in issue on Admission will be in registered form and, following Admission, will be capable of being held in uncertificated form. In the case of Ordinary Shares held in uncertificated form, the Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST. The records in respect of Ordinary Shares held in uncertificated form will be maintained by Euroclear UK International Limited and the Company's registrar, Computershare Investor Services PLC (details of whom are set out on page 8 of this document).

4.11 It is anticipated that, where appropriate, share certificates will be despatched by first class post within 10 working days of Admission. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.

4.12 The International Security Identification Number ("**ISIN**") of the Ordinary Shares is GB00BLH42507 and the Stock Exchange Daily Official List ("**SEDOL**") number is BLH4250.

4.13 The legislation under which the New Ordinary Shares are or will be issued is the Companies Act and regulations made under the Companies Act.

4.14 The Ordinary Shares are denominated in sterling.

4.15 Following the placing of the Sale Shares, the Sale Shares will represent approximately 28.0% of the entire issued share capital of the Company.

4.16 Save as disclosed in this paragraph 4, as at the date of this document:

4.16.1 the Company did not hold any treasury shares and no Ordinary Shares were held by, or on behalf of, any member of the Group;

4.16.2 no shares have been issued otherwise than as fully paid;

4.16.3 the Company had no outstanding convertible securities, exchangeable securities or securities with warrants;

4.16.4 the Company has given no undertaking to increase its share capital; and

4.16.5 no capital of any member of the Group is under option or is agreed, conditionally or unconditionally, to be put under option.

5. Articles of Association

The Articles of the Company include provisions to the following effect:

5.1 ***Objects***

Section 31 of the Companies Act provides that the objects of a company are unrestricted unless any restrictions are set out in the articles of association. There are no such restrictions in the Articles and the objects of the Company are therefore unrestricted.

5.2 ***Share Rights***

Subject to the provisions of the Companies Act and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Subject to the provisions of the Companies Act and without prejudice to any rights attached to any existing shares or class of shares, the Board may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder. Subject to the Articles and to the Companies Act, all the shares for the time being in the capital of the Company are at the disposal of the Board.

5.3 ***Voting Rights***

Subject to any rights or restrictions attached to any shares, and any rights or restrictions detailed in the notice of the meeting, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting of the Company unless all moneys presently payable by him in respect of Ordinary Shares in the Company have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in Ordinary Shares held by such a member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Board may, in its absolute discretion at any time thereafter by notice to such member, direct that, in respect of the Ordinary Shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

5.4 ***Dividends and Other Distributions***

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, *provided that* no dividend shall

exceed the amount recommended by the Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of calls shall be treated for these purposes as paid on the share.

Subject to the provisions of the Companies Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

The Board may also pay, at intervals determined by it, any dividend at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. Dividends may be declared and paid in any currency or currencies that the board shall determine. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in Ordinary Shares held by such member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter, serve a direction notice on such member and withhold payment from such member of any dividend otherwise payable, if the relevant Ordinary Shares represent at least a 0.25% interest in the Company's Ordinary Shares or any class thereof.

The Board may, if authorised by an ordinary resolution of the Company, offer to any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole, or some part (to be determined by the Board), of any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

5.5 ***Variation of Rights***

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

5.6 ***Lien and Forfeiture***

The Company shall have a first and paramount lien on every share that is not a fully paid share for all moneys payable to it (whether presently or not) in respect of that share. The Company may sell any share on which it has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of

such non payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

5.7 ***Transfer of Shares***

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of the shares.

All transfers which are in uncertificated form shall be effected by means of the relevant system unless the Uncertified Securities Regulations 2001, as amended (the "**CREST Regulations**") provide otherwise.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, *provided that* the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

5.7.1 is lodged, stamped (if stampable), at the office or at another place appointed by the Board, accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

5.7.2 is in respect of one class of share only; and

5.7.3 is in favour of not more than four persons.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the CREST Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class, by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

If a notice is given to a member in respect of a share, which is subsequently transferred, a person entitled to that share is bound by the notice if it was given to the member before the person entitled to that share was entered into the register as the holder of that share.

5.8 ***General Meetings***

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act. The Board may call general meetings whenever and at such times and places as it shall determine.

5.9 ***Directors***

5.9.1 *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of directors shall not exceed nine but shall not be less than two. Directors may be appointed by ordinary resolution of Shareholders at a general meeting, by the Board or, if there is only one director, by such director.

5.10 ***No Share Qualification***

5.10.1 A director shall not be required to hold any shares in the capital of the Company by way of qualification.

5.11 ***Retirement of Directors***

(a) At every annual general meeting of the Company, one third of the directors not including the directors appointed by the Board (or the number nearest to, but not exceeding one third if the number of directors is not a multiple of three) shall retire from office by rotation. Any director appointed by the Board shall retire at the first annual general meeting of the Company following his appointment and shall not be taken into account in determining the number of directors who are to retire by rotation at that meeting. At every general meeting, any director who was elected or last re elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the Company does not fill the vacancy at the meeting at which a director retires, the retiring director shall be deemed to have been re appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re appointment of the director is put to the meeting and lost.

(b) Without prejudice to the provisions of the Companies Act, the Company may by ordinary resolution remove any director before the expiration of his period of office and may appoint by ordinary resolution another director in his place.

5.12 ***Remuneration of Directors***

The emoluments of any director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the non executive directors for their services (excluding amounts payable under any other provision of the Articles) shall be such fees as the Board may from time to time determine. In addition, any non executive director who performs special services which in the opinion of the Board are outside the scope of the ordinary duties of a director may be paid such extra remuneration as the Board may determine.

In addition to any remuneration to which the directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

5.12.1 *Permitted Interests of Directors*

Subject to the provisions of the Companies Act, and *provided that* he has disclosed to the Board the nature and extent of his interest, a director, notwithstanding his office:

5.12.2 may be a party to, or otherwise interested in, any transaction or arrangement with the Company in which the Company is otherwise (directly or indirectly) interested;

5.12.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a director;

5.12.4 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is

(directly or indirectly) interested as shareholder or otherwise or with which he has such a relationship at the request or direction of the Company; and

5.12.5 shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any such office or employment, or from any such transaction or arrangement, or from any interest in any such body corporate if the acceptance, entry into or existence of which has been approved by the Board or properly disclosed and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

5.13 ***Restrictions of Voting***

A director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, but these prohibitions shall not apply to:

5.13.1 the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

5.13.2 the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

5.13.3 a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub underwriting of which he is to participate;

5.13.4 a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Companies Act) representing 1% or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed to be a material interest in all circumstances);

5.13.5 a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

5.13.6 a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

5.14 ***Borrowing Powers***

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to procure (but as regards such subsidiary undertakings, only in so far as it can procure by such exercise) that the aggregate principal amount outstanding in respect of all borrowings by the group (exclusive of any borrowings which are owed by one group company to another and after deducting

cash deposited) shall not, at any time, without an ordinary resolution of the Company, exceed a sum equal to three times the adjusted total of capital and reserves.

5.15 ***Indemnity of Officers***

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was at any time a director or an officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act).

Subject to the provisions of the Companies Act, the Company may at the discretion of the Board provide any person who is or was at any time a director or officer of the Company or a director or officer of an associated company (except the auditors of the Company or the auditors of an associated company) with funds to meet expenditure incurred or to be incurred by him (or to enable such director or officer to avoid incurring such expenditure) in defending any criminal or civil proceedings or defending himself in any investigation by, or against action proposed to be taken by, a regulatory authority or in connection with any application under the provisions referred to in section 205(5) of the Companies Act.

6. Interest of Directors and Significant Shareholders

6.1 As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated), whether direct or indirect, of the Directors and their families (within the meaning set out in the AIM Rules) in the issued share capital of the Company and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, are as follows:

	As at the date of this document		*Immediately following*	
Director	*Number of Ordinary Shares*	*Percentage of Existing Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Allan Pirie[(1)]	3,176,220	4.5%	2,166,600	2.7%
Ingrid Stewart	440,962	0.6%	300,786	0.4%
Joe Connolly[(2)]	183,204	0.3%	124,969	0.2%
Bill Shannon	–	–	49,382	0.1%

(1) A portion of these interests are held indirectly via an interest in BP Newco (the legal owner of the Ordinary Shares).

(2) The interests are held indirectly via an interest in BP Newco and directly via an interest in BP Bidco (the legal owners of the Ordinary Shares).

6.2 Save as disclosed in paragraph 6.1 above, none of the Directors has any interest in the share capital of the Company or of any of its subsidiaries nor does any member of his or her family (within the meaning set out in the AIM Rules) have any such interest, whether beneficial or non beneficial.

6.3 As at 18 November 2021 (being the last practicable date prior to the publication of this document) and so far as the Directors are aware, the only persons (other than any Director) who are or expected to be interested, directly or indirectly, in 3% or more of the issued share capital of the Company prior to and immediately following Admission are as follows:

Shareholder	*Number of Ordinary Shares*	*Percentage of Existing Shares*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
Buckthorn Partners[(1)]	40,881,946	58.4%	27,886,857	35.0%
APICORP[(1)]	24,134,781	34.5%	16,463,093	20.7%
FMR Investment Management	–	–	6,307,100	7.9%
Chelverton Asset Management	–	–	3,703,700	4.7%
Schroder Investment Management	–	–	3,280,060	4.1%
Jupiter Asset Management	–	–	3,094,600	3.9%
Pentwater Capital Management	–	–	3,000,000	3.8%
Lothian Pension Fund	–	–	2,460,000	3.1%

(1) The interests of Buckthorn Partners and APICORP are held via their indirect interests in BP Newco and BP Bidco (the legal owners of the Ordinary Shares).

6.4 Save as disclosed in paragraph 6.3 above, the Company and the Directors are not aware of (i) any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

6.5 The voting rights of the persons listed in paragraphs 6.1 and 6.3 do not differ from the voting rights of any other holder of Ordinary Shares.

6.6 Save as disclosed in paragraph 9 of this Part VII, there are no outstanding loans granted by any member of the Group to any Director nor are there any guarantees provided by any member of the Group for the benefit of any Director.

6.7 The Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current*	*Previous*
Allan Pirie	Underwater Cutting Solutions Ltd BP INV2 Newco Ltd Ashtead Technology Ltd Amazon Acquisitions Ltd Ashtead Technology Offshore Inc Aqua-Tech Solutions LLC Alpha Subsea LLC Ashtead Technology (South East Asia) Pte Ltd Welaptega Marine Ltd Ashtead Technology Holdings plc	BP INV2 Pledgeco Ltd Welaptega Marine UK Ltd BP INV2 Bidco Ltd Amazon Group Ltd Amazon Investco Ltd Welaptega Marine Ltd 3321676 Nova Scotia Ltd 3201132 Nova Scotia Ltd 3265582 Nova Scotia Ltd
Ingrid Stewart	Underwater Cutting Solutions Ltd BP INV2 Newco Ltd Amazon Acquisitions Ltd Ashtead Technology Ltd Ashtead Technology Holdings plc	CIEP Epoch Nominee Limited
Bill Shannon	L.S.L PLC	Johnson Service Group Plc St. Modwen Properties plc
Tony Durrant		Premier Oil Plc

Director	*Current*	*Previous*
Thomas Thomsen	Thomasen 1972 ApS Storblalden ABJohnson K/S VindEnergi Frehne K/S VindEnergi Frehne Komplementar ApS	
Joe Connolly	Amazon Acquisitions Ltd Ashtead Technology Ltd BP INV2 Newco Ltd BP INV2 Pledgeco Ltd BP INV3 Bidco Ltd BP INV3 Holdco Ltd BP INV3 Midco Ltd BP INV2 Topco Ltd Buckthorn Corporate Ltd Buckthorn Partners LLP Coretrax Technology Holding Company Ltd CTL UK Holdco Ltd CTL UK Pledgeco Ltd Total Waste Management Alliance Ltd Total Waste Management International Ltd TWMA Middle East Ltd Buckthorn Jersey (GP) Ltd Underwater Cutting Solutions Ltd BP INV4 Holdco Ltd BP INV2B Bidco Ltd Ashtead Technology Holdings plc Ashtead Technology (South East Asia) Pte Ltd	Amazon Group Ltd Amazon Investco Ltd BP INV2 Bidco Ltd Welaptega Marine UK Ltd

6.8 As at the date of this document, no Director:

6.8.1 has any unspent convictions in relation to any indictable offences; or

6.8.2 has been bankrupt or entered into an individual voluntary arrangement; or

6.8.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors, save that Bill Shannon was appointed as a director of The Grill Group Limited on 8 September 2007. On 9 December 2008, Begbies Traynor was appointed as liquidator of The Grill Group Limited which was dissolved on 24 April 2011 pursuant to a creditors' voluntary liquidation; or

6.8.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

6.8.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

6.8.6 has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

7. Directors' Service Agreements and Letters of Appointment

7.1 Each of the executive Directors has a service agreement with Ashtead Technology Limited. Details of these service agreements are set out below:

7.1.1 Under the service agreements Allan Pirie will act as Chief Executive Officer of the Company and Ingrid Stewart will act as Chief Financial Officer of the Company.

7.1.2 Their annual salaries, which are fully inclusive of all pension and other benefits, are £371,760 and £232,360 respectively, subject to annual review. Each of the executive Directors is eligible to participate in a discretionary annual bonus scheme, with the potential to receive bonus payments of such amounts as the Board may determine up to a maximum of 100% of the salary, subject to such conditions and KPI targets as the Board may determine.

7.1.3 Each executive Director's employment may be terminated by either party giving to the other not less than 6 months' notice. Ashtead Technology Limited may elect to place each executive Director on garden leave for all or part of the notice period and/or terminate the employment of each executive Director by making a payment in lieu of notice.

7.1.4 Each of the executive directors has agreed to confidentiality obligations, without limitation as to time, and have agreed to non-competition, non-solicitation and non-dealing post termination restrictive covenants.

7.2 Each of the non-executive Directors has entered into a letter of appointment with the Company. Details of these letters of appointment are set out below:

7.2.1 Each of the appointments is for an initial term of three years, unless terminated earlier by either party giving to the other three months' prior written notice.

7.2.2 The fee payable for Thomas Thomsen's services as a non-executive Director is £45,000 per annum; the fee payable for Tony Durrant's services as a non-executive Director is £45,000 per annum as well as £7,500 as Chair of the Audit Committee and £7,500 as Chair of the Remuneration Committee; the fee payable for Joe Connolly's services as a non-executive Director is £45,000 per annum; and the fee payable for Bill Shannon's services as a non-executive Director and Chair of the Board is £110,000 per annum.

7.3 Each has agreed to confidentiality obligations, without limitation as to time.

7.4 Save as disclosed in paragraphs 7.1 or 7.2 above, there are no existing or proposed service agreements or consultancy agreements between any of the Directors and the Company which cannot be terminated by the Company without payment of compensation within 12 months.

7.5 The aggregate of the remuneration paid and benefits in kind (including bonus payments) granted to the Directors by any member of the Group in respect of the financial year ended 31 December 2020 was approximately £282,000.

7.6 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the financial year immediately preceding the date of this document, save as from the CEO's voluntarily decrease in salary as a COVID-19 cost saving measure.

8. Employee Share Plans

Summary of the Plan

The Company has adopted the Ashtead Technology Long Term Incentive Plan ("**LTIP**"), which will operate on and following Admission.

The purpose of the LTIP is to retain and incentivise Executive Directors and employees whose contributions are essential to the continued growth and success of the business of the Company, in order to strengthen their commitment to the Company and, in turn, further the growth, development and success of the Company.

The LTIP provides for the grant of options at nil cost over the ordinary shares in the Company ("**Options**") which are subject to a combination of performance and time vesting.

Eligibility

Employees and Executive Directors of the Group are eligible to participate in the LTIP at the discretion of the Board.

Administration of the LTIP

The Board has the authority to operate, manage and administer the LTIP, but the Remuneration Committee will generally do so in practice as a duly authorised committee of the Board.

Grant of Options

The Board can, at its discretion, grant Options at any time. Options will generally be subject to conditions relating to time and performance.

Each Option entitles a participant to the right to acquire a specified number of shares upon exercise of the Option, following vesting. On exercise of the Option, no payment shall be due from the Option holder for the shares subject to the Option. Each Option granted under the LTIP is evidenced by an Option Certificate in a form prescribed by the Board. The Option Certificate will set out the individual terms and conditions which apply to each Option.

It is anticipated that the performance period for vesting will generally be three years; however, the initial grant of Options will vest annually in three equal tranches following the date of grant reflecting the fact that historic awards have not been made. On the anniversary of the date of the initial grant, Options will vest in proportion to the attainment of an Adjusted EBITDA hurdle for that year (which will be expressed as Adjusted EPS following Admission). It is anticipated that future grants of Options will vest after three years in proportion to the attainment of an Adjusted EBITDA hurdle over the vesting period. The vesting criteria for the years ending December 2022, December 2023, and December 2024 are outlined below:

	Year Ending December 2022	*Year Ending December 2023*	*Year Ending December 2024*
Adjusted EBITDA needed for full vesting	£27 million	£31 million	£35 million
Adjusted EBITDA needed for 25% hurdle vesting	£24 million	£27 million	£30 million

Where the Company attains the Adjusted EBITDA figure needed for 25% hurdle vesting, 25% of the Options for that year will vest. At or above the full vesting hurdle, 100% of the Options for that year will vest. Any percentage vesting in between will be linearly interpolated. If the Company has attained an Adjusted EBITDA figure below the 25% hurdle, no Options will vest.

It is intended that the total shares subject to Options granted to each of the Chief Executive Officer and Chief Financial Officer on Admission will have a value of up to 200% of base salary (by reference to the Offer Price) and lower grant levels will apply to other participants.

Following the year ending December 2021, it is intended that Options will be granted each year within six weeks of the announcement of annual results.

Plan Limits

Options may not be granted where the grant would result in the total number of dilutive shares exceeding 10% of the issued share capital of the Company.

For the purposes of this limit, no account will be taken of any shares where the right to the shares has lapsed or of any awards made prior to Admission.

Termination of employment or engagement

An Option may only be exercised if the relevant participant is an employee or director of any company within the Group, unless the Board exercises its discretion to allow otherwise.

Certain leavers may be permitted to retain all or a proportion of their Options, subject to a potential requirement to exercise them during a limited period, depending on the circumstances of their cessation.

Corporate events

In the event of a takeover or winding-up of the Company (not being an internal corporate reorganisation), the Options will immediately vest in full. However, the Board may, in its discretion, determine that some or all of the Options will vest pro-rata instead, based on the extent to which performance conditions have been met.

Cash settlement

The Board may decide to satisfy Options by paying an equivalent amount in cash, although it does not currently intend to do so.

Variation of share capital

In the event of any variation of the Company's share capital, demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Board may make such adjustment as it considers appropriate, including to the number or class of shares comprised in Options, in order to ensure that the LTIP participants are not materially prejudiced by any such event.

Amendments

The Board may amend the terms of the LTIP or any Options granted under the LTIP. Any such amendment can be retroactive, but cannot be inconsistent with the terms and conditions of the LTIP or materially impair the accrued rights of a participant without their consent.

Termination

The LTIP shall terminate upon the tenth anniversary of its adoption by the Company, unless terminated earlier by the Board in its discretion. Termination of the LTIP shall be without prejudice to the subsisting rights of participants. Any Option which has not previously lapsed, vested or been exercised will lapse automatically on the tenth anniversary of the date of the grant.

9. Related Party Transactions

Save for a loan note payable by BP INV2 Pledgeco Ltd to BP INV2B Bidco Ltd with interest of £59,709 which has been capitalised between 1 January 2021 and 30 September 2021, resulting in a loan note balance of £1,180,483 with accrued interest of £11,092.81 as at 18 November 2021, and as disclosed in note 21 21 – Section B of "Historical Financial Information" of Part III, neither the Company nor any other member of the Group has entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) with any related party during the period covered by the Historical Financial Information and up to the latest practicable date prior to publication of this document.

10. Reorganisation

10.1 On 17 November 2021, the Company entered into a reorganisation agreement (the "**Reorganisation Agreement**") relating to the restructuring of the Group in preparation for Admission (the "**Reorganisation**") with BP Inv2 Newco Limited, BP Inv2B Bidco Limited, Allan Pirie, Ingrid Stewart and the other existing shareholders of BP Inv2 Pledgeco Limited and Ashtead US Pledgeco Inc. (the "**Existing Shareholders**"). Pursuant to the terms of the Reorganisation Agreement, the Company acquired:

10.2 the entire issued share capital of BP Inv2 Pledgeco Limited from the Existing Shareholders on 17 November 2021 in consideration for the issue of 63,034,891 new Ordinary Shares (representing 90% of the issued share capital of the Company as at the date of this document); and

10.3 the entire issued share capital of Ashtead US Pledgeco Inc. from the Existing Shareholders on 18 November 2021 in consideration for the issue of 5,965,109 new Ordinary Shares (representing 8.5% of the issued share capital of the Company as at the date of this document).

Additionally, pursuant to the Reorganisation Agreement, the Existing Shareholders terminated their previous shareholders agreements relating to BP Inv2 Pledgeco Limited and Ashtead US Pledgeco Inc. with effect from 17 November 2021. Prior to the implementation of the Reorganisation, BP Inv2 Pledgeco Limited repaid £1,191,575.81 in shareholder loans from BP Inv2B Bidco Limited. On Admission, the Company will issue new Ordinary Shares to placees in the Placing and the Selling Shareholders will sell existing Ordinary Shares in connection with the Placing. Shortly following Admission, certain members of the Group will repay existing third party debt in the amount of approximately £15.5 million from the proceeds of the Placing.

10.4 As a result of the Reorganisation and the entry into the Reorganisation Agreement, the Company became the holding company of the Group on 17 November 2021.

11. Working Capital

The Directors are of the opinion, having made due and careful enquiry, taking into account the net proceeds of the Placing receivable by the Company and the facilities available to the Group, that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

12. Significant Change

Since the date of its incorporation, the Company has not commenced operations and, save for the effects of entering the Reorganisation Agreements, has no material assets or liabilities.

There has been no significant change in the financial position or financial performance of the HFI Group since 30 June 2021, the date to which the financial information set out in Part III of this document was prepared.

13. Litigation

No member of the Group is or has been engaged in any governmental, legal or arbitration proceedings which may have, or have had a significant effect on the Group's financial position or profitability nor, so far as the Company is aware, are any such proceedings pending or threatened by or against any member of the Group.

14. Placing Agreement

In connection with the Placing, the Company, the Directors, Numis and the Selling Shareholders entered into the Placing Agreement on 18 November 2021. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 23 November 2021 or such later date (not being later than 8.00 a.m. on 7 December 2021) as Numis and the Company may agree. Under the Placing Agreement:

14.1 Numis has agreed, as agent of the Company and Selling Shareholders, to use its reasonable endeavours to procure placees to subscribe for the Placing Shares, in each case at the Placing Price.

14.2 The Company has agreed, provided the Placing Agreement becomes unconditional, to pay to Numis, an aggregate commission of 3% of the aggregate value at the Placing Price of the New Ordinary Shares (plus any applicable VAT). In addition, provided the Placing Agreement becomes unconditional, the Selling Shareholders have agreed to pay Numis a commission of 3% of the aggregate value of the Sale Shares at the Placing Price (plus any applicable VAT).

14.3 The Company may also pay to Numis a discretionary commission of up to 1% of the aggregate value at the Placing Price of the New Ordinary Shares (plus any applicable VAT). In addition, the Selling Shareholders may also pay Numis a discretionary commission of up to 1% of the aggregate value of the Sale Shares at the Placing Price (plus any applicable VAT).

14.4 The Company has agreed to pay all of the costs and expenses of and incidental to the Placing and related arrangements (other than stamp duty or stamp duty reserve tax payable on the transfer of the Sale Shares and any commission pursuant to the Sale Share which is payable by the Selling Shareholders) together with any applicable VAT.

14.5 Pursuant to the terms of the Placing Agreement, each of the Directors have undertaken with Numis not to dispose of any of the Ordinary Shares held by them at Admission within 365 days of Admission[21] (the "**Lock-Up Period**").

14.6 The Company and the Directors have given certain warranties to Numis as to the accuracy of the information in this document and as to other matters relating to the Group (and in the case of warranties from the Selling Shareholders, warranties on such Selling Shareholders' title and capacity to sell the Sale Shares). The liability of the Directors under these warranties is limited in time and amount. The Company has given a customary indemnity to Numis against any losses or liabilities arising in connection with the Placing and Admission.

14.7 Numis may terminate the Placing Agreement before Admission in certain circumstances, including for material breach of the warranties referred to above.

14.8 The following table contains details of the Selling Shareholders and the Sale Shares to be sold by it pursuant to the Placing:

Name	*Business address*	*Number of Sale Shares*	*Position, office or material relationship with the Group during the past three years*
Funds controlled by Buckthorn Partners LLP	Princes House, 38 Jermyn St, London SW1Y 6DN, United Kingdom	12,995,089	Intermediate holding companies, majority owned by funds managed or controlled by Buckthorn Partners and APICORP
Funds controlled by Arab Petroleum Investments Corporation	Dammam Coastal Road, Al Rakkah, P.O. Box 9599, 31423 Dammam, Saudi Arabia	7,671,688	Intermediate holding companies, majority owned by funds managed or controlled by Buckthorn Partners and APICORP
Allan Pirie	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	1,009,620	CEO
Ingrid Stewart	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	140,176	CFO
Brett Lestrange	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	62,728	Regional Director, Europe
Steven Thrasher	14825 NW Freeway, Suite 900, Houston, Texas, 77040, United States	62,728	Regional Director, Americas
Richard Hehir	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	80,390	Finance Director

Name	*Business address*	*Number of Sale Shares*	*Position, office or material relationship with the Group during the past three years*
David Mair	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	60,136	Business Development Director
Peter Simpson	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	105,517	Operations Support Director
Ross MacLeod	Ashtead House, Discovery Drive, Westhill Aberdeenshire, AB32 6FG	62,728	Technical Director

15. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by any member of the Group and are, or may be, material to the Company or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

15.1 ***The Placing Agreement***

The Company is party to the Placing Agreement detailed in paragraph 14 of this Part VII;

15.2 ***Nominated Adviser and Broker Agreement***

The Company and the Directors entered into a Nominated Adviser and Broker Agreement dated 18 November 2021 with Numis, pursuant to which Numis agreed to act as the Company's nominated adviser and broker for an initial period of 12 months, terminable by either party on 1 months' notice after the expiry of the initial term. Numis undertakes to provide the services of a nominated adviser and broker as required under the AIM Rules and the Company and the Directors agree to comply with their obligations under the AIM Rules. The Company will pay Numis a fee of £100,000 per annum (plus applicable VAT) pursuant to the terms of the Nominated Adviser and Broker Agreement.

15.3 ***Reorganisation***

Please refer to paragraph 10 of this Part VII for details of the reorganisation of the Company prior to Admission.

15.4 ***Financing***

The Group's existing term loan and revolving credit facilities are due to be repaid on Admission to AIM.

HSBC UK Bank plc ("**HSBC**") and Clydesdale Bank plc have made available a revolving credit facility of £40 million (the "**RCF Facility**") pursuant to a revolving credit facility agreement dated 18 November 2021 (the "**RCF Agreement**") which is available to the Group immediately upon Admission to AIM.

Pursuant to the terms of the RCF Agreement, each Borrower (as defined therein) can drawdown individual loans to be used towards the repayment of the existing facilities and thereafter for the general corporate and working capital purposes of the Group, including in or towards financing Permitted Acquisitions (as defined therein) and capital expenditure. The RCF Facility shall be available, subject to the terms and conditions of the RCF Agreement from the date of Admission until the date falling one month prior to the Termination Date. The Termination Date is defined as the third

anniversary of the date of the RCF Agreement but can be extended on request (and subject to bank approval) for an additional two years.

In addition to the initial £40 million facility, the RCF Agreement allows for a further £20 million to be available under an accordion facility on existing terms, access to which is subject to application and credit approval at the time.

Interest is payable on the amounts drawn at a rate ranging from 2.2% to 3% over Term Reference Rate (with the margin linked to the leverage test). In addition, a commitment fee is payable at the rate of 40% of the applicable margin per annum of any undrawn commitment.

The RCF Agreement contains representations and warranties which are usual for such an agreement, together with a leverage (set at 2.5 times) and an interest cover (set at 4 times) financial covenant. An increase in leverage covenant to 3.0x is available for the two quarters following an acquisition ("**Leverage Spike**"). This Leverage Spike is available up to two times during the initial period of the facility and one further time during any extension period.

Each Material Company (as defined therein) of the Group (being the companies situated in the UK, USA, Singapore and UAE) has entered into a guarantee and security in favour of HSBC, which shall remain in respect of all liabilities arising under the RCF Agreement.

15.5 The Company is party to the Relationship Agreements detailed in paragraph 15 of Part I.

16. Consents

16.1 BDO LLP has given and has not withdrawn its consent to the inclusion in this document of its Accountant's Report set out in Section A of Part III of this document and has authorised the contents of that report for the purposes of Schedule 2 of the AIM Rules.

16.2 Numis has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

16.3 Rystad Energy has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

17. Mandatory Bids, Squeeze Out and Sell Out Rules Relating to The Ordinary Shares

17.1 ***Mandatory bid***

Under the Takeover Code, where any person acquires an interest in the Ordinary Shares, whether by a series of transactions over a period of time or not, which (taken together with shares in which persons acting in concert with that person are interested) in aggregate, carry 30% or more of the voting rights in the Company, that person is normally required by the Panel to make a cash offer to all of the remaining shareholders to acquire their shares at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in aggregate carry not less than 30% of the voting rights of the Company but does not hold shares carrying more than 50% of such voting rights, a general offer will normally be required if any further interests in shares are acquired by such person, or any person acting in concert with that person, which increases the percentage of shares carrying voting rights in which that person is interested.

17.2 ***Squeeze out***

Under the Companies Act, if an offeror were to acquire 90% of the Ordinary Shares within four months of making the offer, it could then compulsorily acquire the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares

and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

17.3 ***Sell out***

The Companies Act also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

18. Takeover Offers

There have been no public takeover offers by third parties in respect of the share capital of the Company in the last or current financial year.

19. General

19.1 The total costs and expenses of, or incidental to, the Placing and Admission, all of which are payable by the Company (save in respect of any commission payable by the Selling Shareholder pursuant to the Sale Shares), are estimated to be approximately £3.8 million (exclusive of value added tax). This amount includes the commissions referred to in paragraph 14 of this Part VII but excludes any commission payable by the Selling Shareholder. No expenses of the Sale Shares are being specifically charged to purchasers under the Sale Shares.

19.2 Save as disclosed in this document, no person (other than the Company's professional advisers named in this document and suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

19.3 The Placing Price of 162 pence represents a premium of 157 pence above the nominal value of 5 pence per Ordinary Share. The Placing Price is payable in full on application.

19.4 The auditors of the Company are BDO LLP, chartered accountants and registered auditors. Deloitte LLP were the auditors of the accounts of the companies forming the Group for the past three financial years ended 31 December 2020. The audit reports were unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act.

19.5 The Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.

19.6 Save in respect of bespoke software used in the conduct of the Company's business, the Directors are not aware of any patents or other intellectual property rights, licences, particular contracts or manufacturing processes on which the Company is dependent.

19.7 Save in connection with the application for Admission, none of the Ordinary Shares has been admitted to dealings on any recognised investment exchange and no application for such admission has been

made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

19.8 Where information contained in this document has been sourced from a third party, the information has been accurately reproduced and, so far as the Directors and the Company are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.9 Save as disclosed in this document, there are no arrangements of which the Company is aware which may result in change of control of the Company.

19.10 Save as disclosed in Part I of this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

20. Documents Available for Inspection

20.1 Copies of this document will be available to the public, free of charge, from the date of this document until the date which is one month after Admission, from the offices of the Company at Ashtead House, Discovery Drive, Westhill, Aberdeenshire, AB32 6FG during usual business hours on any day (Saturdays, Sundays and public holidays excepted), and also on the Company's website (www.ashtead-technology.com).

20.2 Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of the Company at Ashtead House, Discovery Drive, Westhill, Aberdeenshire, AB32 6FG for a period of 14 days from the date of this document:

20.3 the articles of association of the Company;

20.4 the rules of the LTIP;

20.5 the report relating to the combined historical financial information of the HFI Group prepared by BDO LLP in Section A of Part III of this document; and

20.6 the audited consolidated financial statements of BP Inv2 Holdco Limited for the three years ended 31 December 2020.

Dated: 18 November 2021

Part VIII

Terms and Conditions of the Placing

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2 OF THE EU PROSPECTUS REGULATION; (B) PERSONS IN THE UNITED KINGDOM WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2 OF THE UK PROSPECTUS REGULATION WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE ORDER; OR (II) ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER; (C) PERSONS IN HONG KONG WHO ARE PROFESSIONAL INVESTORS AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG); (D) PERSONS WHO IN AUSTRALIA ARE SOPHISTICATED INVESTORS OR PROFESSIONAL INVESTORS AS THOSE TERMS ARE DEFINED IN SUB-SECTIONS 708(8) AND 708(11) OF THE CORPORATIONS ACT 2001 (Cth); AND (E) SUCH OTHER PERSONS TO WHOM IT MAY OTHERWISE BE LAWFUL TO COMMUNICATE TO IT (EACH, A "RELEVANT PERSON"). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

1. INTRODUCTION

Each person that is invited to and which confirms its agreement (whether orally or in writing) to Numis to subscribe for Placing Shares under the Placing (a "**Placee**") will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and Numis may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it, in its absolute discretion, sees fit and/or may require such Placee to execute a separate placing letter.

Upon being notified by Numis of its allocation of Placing Shares in the Placing, each Placee shall be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

2. AGREEMENT TO SUBSCRIBE FOR PLACING SHARES

Conditional on: (i) Admission occurring not later than 8.00 a.m. on 23 November 2021 (or such later time and/or date as the Company and Numis may agree in writing, not being later than 8.00 a.m. on 7 December 2021); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission; and (iii) Numis confirming to the Placees their allocation of Placing Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by Numis at the Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

The Company (in consultation with Numis) reserves the right, in its sole and absolute discretion, to scale back applications in such amounts as it considers appropriate. Each of Numis and the Company also reserves the right to decline, in whole or in part, any application for Placing Shares pursuant to the Placing. Accordingly, applicants for Placing Shares may, in certain circumstances, not be allotted and/or sold the number of Placing Shares for which they have applied. The balance of subscription monies in the event of

scaling back (or unsuccessful applications) or the Placing or Admission not proceeding will be posted to applicants by cheque (or, in the case of payment by electronic transfer, transferred to the bank from which payment was made), without interest, at the applicant's own risk and no claim shall be made by any person in respect thereof.

3. PAYMENT FOR PLACING SHARES

Each Placee undertakes to pay the Placing Price for the Placing Shares allocated to the Placee in the manner and by the time directed by Numis as notified to it by Numis. In the event of any failure by any Placee to pay as so directed and/or by the time required by Numis, the relevant Placee shall be deemed hereby to have appointed Numis or any nominee of Numis as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed by Numis and to indemnify on demand on an after-tax basis Numis and its affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Placing Shares shall not release the relevant Placee from the obligation to make such payment for Placing Shares to the extent that Numis or its nominees has failed to sell such Placing Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Placing Price per Placing Share.

4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Placing Shares, each Placee who confirms their agreement to subscribe for Placing Shares will (for itself and for any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to irrevocably agree, undertake, represent, warrant and acknowledge to each of the Company, the Selling Shareholders and Numis that:

4.1 the exercise by Numis of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Numis and Numis need not have any reference to a Placee and shall have no liability to a Placee whatsoever in connection with any decision to exercise or not to exercise any such right. Each Placee agrees that it has no rights against Numis, the Company, any of their respective affiliates, directors, partners, officers, employees, representatives, agents, advisers or the Selling Shareholders under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 or otherwise;

4.2 in agreeing to subscribe for Placing Shares under the Placing, it is relying solely on this document and any supplementary admission document issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Group, the Placing Shares, the Placing or Admission. It agrees that, to the fullest extent permitted by law, none of the Company, the Selling Shareholders, Numis, nor any of their respective affiliates, nor any of their or their affiliates' respective directors, partners, officers, agents, representatives, agents, advisers or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information, representation or statements;

4.3 it acknowledges that the content of this document is exclusively the responsibility of the Company and the Board, and (apart from the responsibilities or liabilities, if any, that may be imposed by FSMA or the regulatory regime established thereunder) neither Numis nor any person acting on its behalf nor any of its or their respective affiliates makes any representation, express or implied, nor accepts any responsibility or liability whatsoever for the contents of this document nor for any information, representation or statement made or purported to be made by them or on its or their behalf in connection with the Company, the Group, the Placing Shares, the Placing or Admission;

4.4 it will indemnify on an after-tax basis and hold harmless the Company, the Selling Shareholders, Numis, and their respective affiliates and any person acting on behalf of any of them from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in

connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in these terms and conditions;

4.5 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non discretionary basis for any such person;

4.6 it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;

4.7 it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information, undertakings, representations and warranties contained in this document, that it is acquiring Placing Shares solely on the basis of this document and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares;

4.8 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Placing Shares on the terms, and subject to the conditions, set out in this Part VIII (Terms and Conditions of the Placing) and the Articles as in force at the date of Admission. Such Placee agrees that these terms and conditions and the contract note issued by Numis to such Placee represents the whole and only agreement between the Placee, Numis and the Company in relation to the Placee's participation in the Placing and these terms and conditions and the contract note issued by Numis to such Placee supersede any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Placee agrees that none of the Company, the Selling Shareholders, Numis or any of their respective affiliates or any of their or their affiliates' respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

4.9 that, save in the event of fraud on the part of Numis, neither Numis nor any of its ultimate holding companies, nor any direct or indirect subsidiary undertakings of such holding companies, nor any of its directors, officers, partners, employees, agents, representatives or advisers shall be responsible or liable to a Placee or any of its clients for any matter arising out of Numis' roles as nominated adviser or sole bookrunner, or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law, the Placee and, if relevant, its clients, will, to the fullest extent permitted by law, immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

4.10 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Selling Shareholders or the Company;

4.11 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;

4.12 it has such knowledge, sophistication and experience in financial and business matters and expertise in assessing market and other relevant risks that it is capable of evaluating, and has evaluated, the merits and risks of its acquisition of the Placing Shares and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the acquisition of such Placing Shares;

4.13 it has investigated the potential tax consequences affecting it in connection with its acquisition of Placing Shares, including potential tax consequences in connection with the acquisition, holding or any subsequent disposal of Placing Shares;

4.14 it accepts and acknowledges that (i) the Placing Shares have not been and will not be registered under the Securities Act or any applicable state securities laws and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws; (ii) subject to certain exceptions the Placing Shares may not be offered or sold directly or indirectly within Australia, Canada, Japan, Hong Kong or the Republic of South Africa or any other country or jurisdiction where the extension or availability of the Placing would breach any applicable law or to or for the account or benefit of any national, citizen or resident of such jurisdictions;

4.15 it will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Australia, Canada, Japan, Hong Kong or the Republic of South Africa or any other country or jurisdiction where the extension or availability of the Placing would breach any applicable law or to any national, resident or citizen of such jurisdictions other than as may be permitted under the applicable law in the relevant jurisdiction and it acknowledges that the Placing Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, Hong Kong or Republic of South Africa and, subject to certain exceptions, the Placing Shares are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in such jurisdictions or any other country or jurisdiction other than as may be permitted under the applicable law in the relevant jurisdiction;

4.16 it and each account it represents either:

(a) (i) is outside the United States and will be outside the United States at the time that any buy order for Placing Shares is originated by it, and acknowledges that it is acquiring the Placing Shares in an "offshore transaction" as defined in Regulation S; (ii) is not acquiring any of the Placing Shares as a result of any form of "directed selling efforts" within the meaning of Regulation S; and (iii) is aware the Placing Shares may not be offered or resold in the United States absent registration or an exemption from registration under the Securities Act; or

(b) (i) is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act; (ii) is not acquiring any of the Placing Shares as a result of any form of "general solicitation" or "general advertising" as such terms are used in Regulation D under the Securities Act; (iii) is acquiring the Placing Shares for its own account or the account it represents for investment purposes only, and not with a view to any resale, distribution or other disposition of the Placing Shares in violation of United States federal or state securities laws and (iv) has executed a US investor letter on its (and such account(s)) behalf in a form satisfactory to the Company;

4.17 it acknowledges and agrees that it will not offer or sell any of the Placing Shares, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;

4.18 if it is located in the United Kingdom: (a) it is a "qualified investor" (within the meaning of Article 2 of the UK Prospectus Regulation) who (i) has professional experience in matters relating to investments falling within Article 19(5) of the Order; or (ii) is high net worth entities falling within Article 49(2)(a) to (d) of the Order; (b) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) in the course of its business; and (c) it undertakes it will acquire, manage and dispose of the Placing Shares (as principal or agent) for the purposes of its business and is not intending to offer or sell or otherwise deal with the Placing Shares in any way which would result in an offer to the public in the United Kingdom within the meaning of FSMA or in any other jurisdiction or require registration or prospectus publication or similar actions in any other jurisdiction;

4.19 if it is a financial intermediary, as that term is used in Article 5 of the UK Prospectus Regulation, any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in the United Kingdom other than "qualified investors" (within the meaning of Article 2 of the UK Prospectus Regulation) or in circumstances in which the prior consent of Numis and the Company has been given to each such proposed offer or resale, or, where Placing Shares will be acquired by it on behalf of persons in the United Kingdom other than "qualified investors" (within the meaning of Article 2 of the UK Prospectus Regulation), the offer of those Placing Shares will not be treated under the UK Prospectus Regulation as having been made to such persons;

4.20 if it is in a member state of the EEA, it is a "qualified investor" (within the meaning of Article 2 of the EU Prospectus Regulation);

4.21 if it is in Hong Kong, it: (a) is a "professional investor" (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)); and (b) is not intending to offer or sell or otherwise deal with the Placing Shares in any way which would result in an offer to the public in Hong Kong within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);

4.22 if it is in Australia, to persons who are sophisticated investors or professional investors as those terms are defined in sub-sections 708(8) and 708(11) of the Corporations Act 2001 (Cth);

4.23 if it is a financial intermediary, as that term is used in Article 5 of the EU Prospectus Regulation, any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in any member state of the EEA other than "qualified investors" (within the meaning of Article 2 of the EU Prospectus Regulation) or in circumstances in which the prior consent of Numis and the Company has been given to each such proposed offer or resale, or, where Placing Shares will be acquired by it on behalf of persons in any member state of the EEA other than "qualified investors" (within the meaning of Article 2 of the EU Prospectus Regulation), the offer of those Placing Shares will not be treated under the EU Prospectus Regulation as having been made to such persons;

4.24 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations and in all cases capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook, and has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or Numis or any of their respective affiliates or any of their or their affiliates' respective officers, directors, representatives, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

4.25 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and subscribed for and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

4.26 it confirms that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within

the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;

4.27 it acknowledges that neither Numis nor any of its affiliates nor any of its or their respective directors, officers, agents, partners, representatives, advisers or employees or any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Numis or any of its affiliates and that neither Numis nor any of its affiliates have any duties or responsibilities to it for providing the protection afforded to its clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertakings, agreements or indemnities otherwise required to be given by it in connection with its application under the Placing;

4.28 it acknowledges that where it is subscribing for Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Placing Shares for each such account; (ii) to make on each such account's behalf the representations, warranties, undertakings, agreements and indemnities set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Numis. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;

4.29 it acknowledges that Numis does not have any duties or responsibilities to it (or its client(s), as the case may be) similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Sourcebook, and that Numis is not acting for it (or its client(s), as the case may be) and that Numis will not be responsible to it (or its client(s), as the case may be) for providing the protections afforded to Numis' customers or for providing advice in relation to the Placing or Admission nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

4.30 it irrevocably appoints any Director, duly authorised officer or employee of the Company and any director, duly authorised offer or employee of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;

4.31 it accepts that if the Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Placing Shares for which valid application are received and accepted are not admitted to trading on AIM for any reason whatsoever then none of the Company, the Selling Shareholders or Numis nor any of their respective affiliates, or persons controlling, controlled by or under common control with any of them or any of their or their affiliates' respective employees, agents, directors, officers, members, stockholders, partners, advisers or representatives, shall have any liability whatsoever to it or any other person;

4.32 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to the prevention of money laundering and terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied;

4.33 it represents and warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) in force in the United Kingdom; or (ii) subject to the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (as amended by Directive (EU) 2018/843); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under

the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

4.34 it agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Numis and/or the Company may require proof of identity of the Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Numis and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It undertakes to hold harmless and indemnify on demand on an after-tax basis each of Numis and the Company against any liability, loss or cost ensuing due to the failure to process its application, if such information as has been required has not been provided by it or has not been provided on a timely basis;

4.35 by submitting personal data to the Company and/or the Registrar, the Placee represents and warrants to the Company and the Registrar that:

(a) where the Placee is a natural person, he/she has read and understood the Group's privacy notice and the Registrar's privacy policy and shall provide consent to the processing of his/her personal data where such consent is required;

(b) where the Placee is not a natural person:

(i) it has brought the Group's privacy notice and the Registrar's privacy policy to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company and the Registrar as a result of the Placee agreeing to acquire Placing Shares;

(ii) where consent is required under Data Protection Legislation, it has obtained the consent of any data subject to the Company and the Registrar and their respective affiliates and group companies, processing their personal data; and

(iii) it has complied in all other respects with all applicable Data Protection Legislation in respect of the disclosure and provision of personal data to the Company and Registrar.

4.36 where it acts for or on account of an underlying data subject or otherwise discloses personal data of an underlying data subject, he/she/it undertakes to, in respect of the personal data it processes in relation to or arising in relation to the Placing:

(a) comply with all applicable data protection legislation;

(b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;

(c) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and

(d) immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity and after-tax basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above;

4.37 it acknowledges and agrees that where it or any person acting on behalf of it is dealing with Numis, any money held in an account with Numis on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA, which therefore will not require Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;

4.38 any of its clients, whether or not identified to Numis or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Numis or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

4.39 it accepts that the allocation of Placing Shares shall be determined by the Company (in consultation with Numis) in its absolute discretion and that such persons may scale down any Placing commitments for this purpose on such basis as it may determine;

4.40 it will pay to Numis (or as it may direct) any amounts due from it in accordance with the Admission Document at the time and date set out herein;

4.41 it acknowledges that time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing;

4.42 it accepts that neither the Company nor Numis owes any fiduciary or other duties to it in respect of any acknowledgements, confirmations, undertakings, representations, warranties or indemnities in the Placing Agreement;

4.43 it acknowledges and agrees that the representations, warranties, undertakings, agreements and indemnities by it contained in this document are irrevocable, and that each of the Company, the Selling Shareholders and Numis, and each of their respective affiliates and their and their affiliates' respective directors, officers, agents and employees will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings, agreements and indemnities and it agrees that if any of the representations, warranties, undertakings, agreements and indemnities made or deemed to have been made by its subscription for Placing Shares is no longer accurate, it shall promptly notify the Company and Numis;

4.44 in connection with the Placing, Numis and any of its affiliates acting as an investor for their own account may acquire Placing Shares and in that capacity may acquire, retain, purchase or sell for their own account such Placing Shares in the Company and any other securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. Accordingly, references in this document to shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to Numis or its affiliates in such capacity. In addition, Numis may enter into financing arrangements and swaps with investors in connection with which Numis may from time to time acquire, hold or dispose of such securities of the Company, including the Placing Shares. Neither Numis nor any of its affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so; and

4.45 that its commitment to take up Placing Shares on these terms and conditions will continue notwithstanding any amendment that may or in the future be made to these terms and conditions and that it will have no right to be consulted or require that their consent be obtained with respect to the Company or Numis' conduct of the Placing.

The foregoing acknowledgments, confirmations, undertakings, representations and warranties are given for the benefit of each of the Company, the Selling Shareholders and Numis (for their own benefit and, where relevant, the benefit of their respective affiliates and any person acting on their behalf) and are irrevocable.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If either Numis or the Company (on behalf of itself or any Selling Shareholder) or any of their agents request any information in connection with a Placee's agreement to subscribe for Placing Shares under the Placing in order to comply with any relevant legislation, such Placee must promptly disclose it to them.

6. MISCELLANEOUS

6.1 The rights and remedies of the Company, the Selling Shareholders and Numis under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

6.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing, or orally, his/her nationality and if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

6.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Placing Shares under the Placing and the appointments and authorities mentioned in this document and all disputes arising out of, or in connection with, its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Selling Shareholders and Numis, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

6.4 In the case of a joint agreement to subscribe for Placing Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

6.5 Each of the Company and Numis expressly reserve the right to modify the Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. Each Placee agrees that its obligations pursuant to these terms and conditions are not capable of termination or rescission.

6.6 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 14 of Part VII (Additional Information) of this document.

6.7 Monies received from applicants pursuant to the Placing will be held by Numis until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 23 November 2021, or such later date as the Company and Numis may agree in writing (not being later than 8.00 a.m. on 7 December 2021), application monies will be returned by electronic transfer as soon as reasonably practicable without interest at the risk of the applicant.

Definitions

The following definitions apply throughout this document, unless the context requires otherwise:

"**Act**"	the Companies Act 2006 of England and Wales (as amended)
"**Admission**"	admission of the entire issued ordinary share capital of the Company to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
"**Admission Document**"	this document dated 18 November 2021
"**AIM**"	the market of that name operated by the London Stock Exchange
"**AIM Rules**"	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
"**APICORP**"	Arab Petroleum Investments Corporation, a multilateral financial institution / development bank established on 23 November 1975 pursuant to its Establishment Agreement and Statute signed and ratified by the 10 Member States of the Organization of Arab Petroleum Exporting Countries (OAPEC), as well as under the laws and regulations of the Kingdom of Saudi Arabia, having Commercial Registration No. 2050003977 (Dammam), with its headquarters located at 7201 King Faisal Road, Al-Bahar District, Unit 1, Al-Khobar 34218-3085, Kingdom of Saudi Arabia, and with registered postal address at P.O. Box 9599, Dammam 31423, Kingdom of Saudi Arabia, a direct shareholder in BP Bidco and indirect shareholder BP Newco
"**Articles**"	the articles of association of the Company to be adopted on or shortly prior to Admission
"**Audit Committee**"	the audit committee of the Board, as constituted from time to time
"**BP Bidco**"	BP Inv2B Bidco Limited
"**BP Newco**"	BP Inv2 Newco Limited
"**Board**"	the board of Directors of the Company from time to time, or a duly constituted committee thereof
"**Buckthorn Partners**"	Buckthorn Partners LLP, a direct shareholder in BP Bidco and indirect shareholder BP Newco
"**certificated**" or "**in certificated form**"	recorded on the relevant register of the share or security concerned as being held in certificated form (that is not in CREST)
the "**Company**" or "**Ashtead Technology**"	Ashtead Technology Holdings plc a company incorporated in England and Wales under the Act with company number 13424040
"**Corporate Governance Code**"	the QCA Corporate Governance Code for Small and Midsize Companies 2018 published by the Quoted Companies Alliance
"**CREST**"	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & International

"**Data Protection Legislation**"	the Data Protection Act 1998 and all applicable laws and regulations relating to processing of personal data and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner or relevant Government department in relation to such legislation
"**Directors**"	the directors of the Company as at the date of this document, whose details are set out on page 8 of this document
"**ERP**"	enterprise resource planning
"**EU Prospectus Regulation**"	the Prospectus Regulation (EU) 2017/1129, as amended
"**Euroclear UK & International**"	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
"**FCA**"	Financial Conduct Authority
"**FSMA**"	the Financial Services and Markets Act 2000 (as amended)
"**Group**"	Ashtead Technology Holdings plc and its subsidiaries
"**GW**"	gigawatts of power
"**HFI Group**"	BP Inv2 Pledgeco Limited, Ashtead US Pledgeco Inc and their respective subsidiaries
"**IFRS**"	International Financial Reporting Standards as adopted by the United Kingdom in accordance with section 474(1) of the Act
"**IMR**"	inspection, maintenance and repair
"**New Ordinary Shares**"	the 9,582,000 Ordinary Shares to be issued by the Company pursuant to the Placing
"**Numis**"	Numis Securities Limited, a company incorporated in England and Wales with registered number 02285918
"**Order**"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
"**Ordinary Shares**"	ordinary shares of £0.05 each in the capital of the Company
"**Placing**"	the conditional placing of the Placing Shares by Numis as agents for the Company, pursuant to the Placing Agreement
"**Placing Agreement**"	the conditional placing agreement dated 18 November 2021 between the Company, Numis and the Selling Shareholders relating to the Placing
"**Placees**"	the subscribers for new Placing Shares pursuant to the Placing
"**Placing Price**"	162 pence per Placing Share
"**Placing Shares**"	the 31,832,800 New Ordinary Shares and the Sale Shares
"**Prospectus Regulation Rules**"	the Prospectus Regulation Rules made by the FCA pursuant to sections 73(A)(1) and (4) of FSMA

"**Registrar**"	Computershare Investor Services PLC whose registered office is The Pavilions, Bridgwater Road, Bristol, BS13 8AE, as registrar to the Company
"**Reorganisation**"	the reorganisation of the Group on the terms of the Reorganisation Agreement pursuant to which the Company became the holding company of the Group
"**Reorganisation Agreement**"	the reorganisation agreement dated 17 November 2021 between the Company, BP Newco, BP Bidco, Allan Pirie, Ingrid Stewart and the other existing shareholders of BP Inv2 Pledgeco Limited and Ashtead US Pledgeco Inc.
"**RIS**"	Regulatory Information Service
"**ROIC**"	return on invested capital
"**ROV**"	remotely operated vehicle
"**Sale Shares**"	the 22,250,800 Ordinary Shares being sold on behalf of the Selling Shareholders, in each case, at the Placing Price, pursuant to the Placing
"**Selling Shareholders**"	BP Newco, BP Bidco, Allan Pirie, Ingrid Stewart, Brett Lestrange, Steven Thrasher, Richard Hehir, David Mair, Peter Simpson and Ross MacLeod
"**Shareholder**"	holders of Ordinary Shares
"**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**UK Prospectus Regulation**"	Regulation (EU) 2017/1129 as it forms part of retained EU law as defined in the EU (Withdrawal Act) 2018
"**uncertificated**" or "**uncertificated form**"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"**US**"	the United States of America and all of its territories and possessions
"**VAT**"	value added tax
"**£**" or "**Sterling**"	British pounds sterling

Ashtead Technology