Board of Directors

An experienced **management team** with strong offshore energy pedigree

Bill Shannon

Independent Chairman and Non-Executive Director

Committees

A R N

Skills

- Extensive financial expertise
- Sound practical understanding of corporate governance
- Deep appreciation of investor sentiment
- Extensive plc Chairman experience

Experience

Bill has over 27 years of experience in plc board roles across businesses in branded retail and leisure, property, gaming and financial services. He is a Chartered Accountant (Scotland) and, after qualifying, began his career with Whitbread PLC in 1974, where he served as a Board Director for 10 years until his retirement in 2004.

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 and Rank Group plc.

Allan Pirie

Chief Executive Officer

Committee

N

Skills

- Sound, proven leadership skills and a considered strategic approach
- Detailed understanding of the subsea market and sector with significant knowledge of commercial, customer and operational matters
- Customer and supplier relationship management
- Successful transaction and M&A experience

Experience

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 (Scotland) with KPMG.

Ingrid Stewart

Chief Financial Officer

Skills

- Significant experience in corporate finance
- Successful transaction / M&A experience
- Strong technical acumen on financial matters
- Wide, in depth knowledge of business management

Experience

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 a 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 (Scotland).

Committee membership key

A Audit Committee
R Remuneration Committee
N Nomination Committee

Joe Connolly

Non-Executive Director

Committee

N

Skills

- Deep understanding of investor sentiment
- Broad industry experience
- Successful transaction / M&A experience
- Strong knowledge of the business and its history

Experience

Joe has over 21 years of experience in the energy & resources industry and has served on the board of various Ashtead Technology group companies since 2016. Joe was one of the founders of Buckthorn Partners and currently serves as its Chief Financial Officer.

A qualified Chartered Accountant, Joe was previously the CFO of listed mining company, Sierra Rutile. After qualifying as a Chartered Accountant with Deloitte within its energy and resources group, he joined Morgan Stanley as an Equity Analyst in Morgan Stanley's industrial team.

Thomas Thomsen

Independent Non-Executive Director

Committees

A R N

Skills

- Deep knowledge of the renewable energy market
- Deep understanding of strategic processes
- Business development and customer focus

Experience

Thomas has over 22 years of experience in the wind sector. Thomas has recently been appointed as Senior Vice President of Semco Maritime's renewables division.

Thomas previously served as the Chief Strategy Officer of GE Onshore Wind International and was an Executive Director of AH Industries, Senior Vice President of VESTAS A/S and Chief Sales Officer at AREVA Wind.

Tony Durrant

Independent Non-Executive Director

Committees

A R N

Skills

- Sound practical understanding of corporate governance
- Extensive financial reporting experience
- Significant understanding of audit processes and risk management
- Deep understanding of investor sentiment

Experience

Tony Durrant has 34 years of experience in the energy & resources industry. Tony was Chief Executive Officer of Premier Oil Plc until December 2020, a position he had held since June 2014. He joined Premier Oil as Finance Director and a Director of the Board in June 2005.

After qualifying as a Chartered Accountant with Arthur Andersen, he joined Lehman Brothers, as an Analyst before joining their investment banking division.

Committed to **effective** corporate governance

I am pleased to present my first Corporate Governance Statement as Chairman of the Board of Directors of Ashtead Technology Holdings plc and its first since admission to AIM.

The Board is committed to effective corporate governance that will deliver long-term value and meet stakeholder expectations around leadership and oversight. As Chairman of the Board, I am responsible for corporate governance within the Group.

The Board acknowledges the importance of high standards of corporate governance. We have a clear governance structure centred around the QCA Corporate Governance Code for small and mid-size quoted companies 2018, which ensures that the Board and the business act responsibly in decision making, risk management and delivery of objectives.

Since our admission to AIM in November 2021, the Board has met regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information in advance of Board meetings.

Board structure and composition

My role as Chairman of the Board is separate to, and independent of, that of the Chief Executive and each of us has clearly defined responsibilities. These, along with the terms of reference for all the Committees of the Board, can be found on the Investor Relations section of the Ashtead Technology Holdings plc website.

The Board comprises six Directors: two Executive Directors, three independent Non-Executive Directors and one Non-Executive Director (non-independent). The Board ensures that there is a clear balance of responsibilities between the executive and the non-executive functions, and that no individual (or small group of individuals) can dominate the Board's decision making. The Board also believes that it has a desirable range of different skills, experiences and backgrounds, further details of which can be found in the Board biographies on pages 28 to 29.

This section of the Annual Report outlines how we have applied the principles of the QCA Code since the IPO in November 2021. We will continue to review and update our governance framework and our approach as the Group continues to grow and we will update the Corporate Governance statement in the AIM rule 26 section of the Company's website. Additional information is contained in our Section 172 Statement on pages 14 to 15.

Stakeholder engagement

The Executive Directors spent considerable time engaging with stakeholders and the Group's new shareholders in the course of the IPO, to help us get to know their objectives and also to ensure they understand the business. A full review of stakeholder engagement can be found at pages 14 to 15.

Bill Shannon
Non-Executive Chairman

4 June 2022

Delivering **long-term growth**

This section sets out the arrangements the Board has put in place to ensure that it fulfils its corporate governance obligations, including compliance with the QCA Corporate Governance Code.

Strategy and business model

The Board has a clear strategy for delivering long-term shareholder value as set out in pages 12 to 13 of this report.

Strategic, long-term growth will be achieved through:

- Continuing to support the energy transition
- Maintaining Ashtead Technology's position as a leading independent subsea equipment rental business
- Continuing to broaden the range of complementary equipment and services to support our customers' operations
- Leverage Ashtead Technology's global footprint
- Augmenting organic growth through a clear and focused merger and acquisition strategy

Meeting shareholder needs and expectations

The Group is committed to engaging with its shareholders to ensure their needs and expectations are understood and its strategy and business model are clearly articulated.

The Executive Directors undertook a comprehensive programme of investor meetings prior to Admission. Since Admission, the majority of communication has been through trading updates and the Executive Directors intend to give formal presentations to investors and analysts following announcement of the Group's full year results.

The Executive Directors have met with both existing and potential investors since the IPO and have welcomed investors' requests to meet with them. The Annual General Meeting is also an opportunity for the Company's Directors to meet with and address shareholders' questions.

The Board is kept informed of the views and opinions of shareholders and analysts. Directors receive regular updates from the CEO and CFO, as well as share register analyses and market reports from the Company's Nominated Advisor, Numis.

Stakeholder and social responsibilities

The Board recognises that the Group's long-term success relies on its ongoing positive relationships with all stakeholders, not just its shareholders and employees. The Board's approach to stakeholder engagement is presented in pages 14 to 15.

The Board and all senior managers have regard to the Group's stakeholders and social responsibilities in its decision making.

Effective risk management

The Board recognises the need for an effective and well-defined risk management process.

The risk management framework and key risks facing the business are set out in pages 22 to 26 of this report. The Audit Committee has responsibility for reviewing the effectiveness of the Group's internal controls as set out in pages 33 to 35 and reports directly to the Board on these matters.

Ashtead Technology Holdings plc has an internal Risk Management Committee which meets quarterly, to ensure that there is a robust process in place for identifying, managing, and monitoring risks relevant to the Group. The internal Risk Management Committee assesses the risk profile of the Group and how the risks arising from the Group's businesses are controlled, monitored and mitigated by management.

The Group does not currently have an internal audit function as day-to-day control is sufficiently exercised by the Group's Board of Directors. However, the Board will continue to monitor the need for an internal audit function as the Group grows and develops.

Recognising that there are inherent limitations in any control system and that any such system can only provide reasonable and not absolute assurance, the Board considers the controls in place are reasonable for a group of its size and complexity.

Maintain the Board as a well-functioning, balanced team led by the chair

The Board comprises two Executive Directors, Allan Pirie and Ingrid Stewart, three independent Non-Executive Directors, Bill Shannon, Tony Durrant and Thomas Thomsen, and one Non-Executive Director, Joe Connolly. Joe Connolly is not considered independent due to his relationship with Buckthorn Partners.

Board meetings are open and constructive, with every Director participating fully. The Board aims to meet at least six times per year. Since admission to AIM, in November 2021, the Board has met on six scheduled occasions. All meetings have been attended by all Directors.

The Board is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and that all Directors of the Board have sufficient time, availability, skills and expertise to perform their roles.

The Board believes that three Non-Executive Directors are independent.

Board skills, capabilities and experience

All the Directors have appropriate skills and experience for the roles they perform, including as members of the Board Committees.

The Board is deliberately represented by a diverse mix of individuals with varied experience across a number of industries and in both private and public companies. More information can be found on each of the Directors in pages 28 to 29, or on the Group's website.

The Nomination Committee is responsible for reviewing the composition of the Board, including evaluating the skills, knowledge and experience of Board members. The Committee will seek to take into account any Board imbalances for future nominations.

The Board is not dominated by any person or group of people. The Non-Executive Directors meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with the Executive Directors between formal Board meetings.

All Board members remain professionally active and are given the opportunity to keep in touch with relevant developments through appropriate seminars to ensure the continued development of each Board member's skills and capabilities.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Group.

Evaluation of Board performance

The Nomination Committee is responsible for reviewing the performance of the Board.

Given the short time period since the Board's formation, no formal evaluation has been undertaken, however the Chair confirms that the performance of each of the Non-Executive Directors continues to be effective and they have demonstrated commitment to their roles. The Committee considers that they each provide distinct and valuable input to the overall operation of the Board.

The Committee intends to undertake a formal evaluation of the Board and its Committees during the course of the next calendar year in accordance with the recommendations of the Code. Part of the evaluation will be to assess the training activities and requirements of the Directors.

Promoting a corporate culture based on ethical values and behaviours

Our values are at the heart of everything we do, they define who we are, how we operate and what we stand for. A large part of the Group's activities are centred upon an open and respectful dialogue with employees, customers and other key stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Board sets the tone and promotes an ethical corporate culture by having documented policies, including:

- Modern slavery policy
- Anti-money laundering and counter terrorism policy
- Market Abuse Regulation procedure
- Personal relations and conflict of interest policy
- Employee handbook
- Whistleblowing policy

These policies, as well as regular training, assist in embedding a culture of ethical behaviour for all employees. The Group has a zero tolerance approach to any form of discrimination, or any inappropriate unethical behaviour relating to bribery, corruption or business conduct in all territories in which it operates.

The Group has adopted a Share Dealing Policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation (EU) No 596/2014). The Group will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that Share Dealing Policy.

Maintaining governance structures and processes that are fit for purpose and supporting good decision making

The Board is committed to, and ultimately responsible for, high standards of corporate governance. It has a formal schedule of meetings and matters reserved for its attention, including approval of strategic plans and acquisitions, ensuring maintenance of sound risk management and internal controls, delegation of authority and other corporate governance matters.

The Board is scheduled to meet a minimum of six times per year. The Board has met monthly since the IPO in November 2021. The Board and its Committees have a formal agenda in place for each meeting, they receive appropriate and timely information and appropriate time is allotted to ensure that s.172 factors are discussed and taken account of during Board discussions and decision making.

The role of each member of the Board is clearly defined. The Chairman's principal responsibilities are to ensure that the Group and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The day-to-day management of the Group is carried out by the Executive Directors (CEO and CFO). The Independent Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

The Group has Audit, Nomination and Remuneration Committees and reports from each are included within this Annual Report. Their respective purposes are as follows:

- Audit Committee – 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 meets at least twice a year.
- Nomination Committee – identifies and nominates, for the approval of the Board, candidates to fill board vacancies as and when they arise. The Nomination Committee meets at least once per year.
- Remuneration Committee – reviews the performance of the Executive Directors and determines 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 meets at least once per year.

The Committees have the necessary skills and knowledge to discharge their duties effectively.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

Communicating how the Group is governed and performing with shareholders and other relevant stakeholders

The Group communicates (or will communicate) with its shareholders through:

- Annual Report and Accounts
- Half-year report announcements
- Regulation News Service ("RNS") announcements
- The Annual General Meeting
- One to one meetings with existing or potential new shareholders
- Webinar meetings / results presentations

The Group maintains an active dialogue with its shareholders through a planned programme of investor relations. A range of information is included on the Group's website (www.ashtead-technology.com) and further information can be requested via Investor Relations (contact details included on website).

Monitoring **the quality** of internal controls

Membership

Our Audit Committee was formed in November 2021 and comprises three independent Directors, Bill Shannon, Thomas Thomsen and myself, Tony Durrant, as Chair of the Committee. The Committee, along with executive management, participated fully in the financial due diligence work carried out during the IPO process. Since then we have met formally as the Audit Committee once, attended by all three members, and have had a number of discussions with our external auditors, BDO LLP. This has included a private meeting with the external auditors prior to our approval of the 2021 Annual Report.

It is intended that the Audit Committee will meet at least three times per year.

Our role

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- The integrity of the financial and narrative statements and other financial information provided to shareholders;
- The Company's system of internal controls and risk management;
- The internal and external audit process and auditors; and
- The processes for compliance with laws, regulations and ethical codes of practice.

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half year reports, and any other formal statements relating to the Group's financial performance.

In preparation of the Group's 2021 financial statements, the Committee assessed the accounting principles and policies adopted, and whether management had made appropriate estimates and judgements. The Committee also reviewed the reports prepared by the external auditors on the 2021 Annual Report.

The Committee, together with management, identified significant areas of financial statement risk and judgement as described in the table:

Provision for bad debts

Description

The Group's debtors balance includes debtors from foreign jurisdictions and with a history of slow payment. The 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 and known factors regarding specific debtors.

Audit Committee action

Management's doubtful debt calculations were reviewed and challenged by the Board. Additional focus has been placed on debtor recoverability in the Board meetings following the year end so that the Board could obtain as much comfort as possible on the status of payments and adequacy of the provision.

The Audit Committee is satisfied that the provision for doubtful debts is reasonable as at 31 December 2021.

Impairment of goodwill

Description

The Group has a significant value of goodwill on the balance sheet. There is a risk that impairment of the goodwill balance has not been identified by management.

Audit Committee action

Management performed an impairment review at the year end date for each group of CGUs (cash generating units) to which goodwill is allocated. 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 is based on certain assumptions, including future forecast cash flows, discount rates and growth rates.

The value in use calculation including assumptions made was challenged by corroborating the assumptions made and determining whether there is any contrary evidence to indicate the conclusion reached may not be appropriate.

The Audit Committee is satisfied with the carrying value of goodwill as at 31 December 2021.

Carrying value and useful lives of property, plant and equipment

Description

Management makes assumptions on the useful economic lives of property, plant and equipment. The significant value and high volume of assets increases the risk that the assumptions made on the useful lives of property, plant and equipment are incorrect and that the carrying value of property, plant and equipment requires impairment.

Audit Committee action

Management reviewed the estimated useful lives of property, plant and equipment at the year end date based on the condition of those assets and were deemed to be appropriate.

Management's review of impairment indicators was challenged by corroborating assertions made and determining whether there is any contrary evidence to indicate the conclusion reached may not be appropriate.

The Audit Committee is satisfied with the useful lives of property, plant and equipment and its carrying value at 31 December 2021.

Audit Committee Report *continued*

Foreign jurisdictions and general compliance with laws and regulations

Description

The Group has nine operating locations globally and undertakes projects across multiple jurisdictions. Trading in foreign jurisdictions presents an increased risk of non-compliance with laws and regulations including tax legislation.

Audit Committee action

The Group has worked in the jurisdictions in which it operates for many years and is familiar with local laws and regulations. The Group makes regular use of local advisors including lawyers, tax advisors and other relevant experts to support them when doing business and to monitor ongoing compliance with relevant laws and regulations, including taxes.

The Group has a well established process for training and monitoring of compliance risk such as anti-bribery, corruption and sanctions and operates consistent standards globally.

The Audit Committee is satisfied that appropriate procedures are in place.

Listing event and Group rationalisation

Description

The Group undertook a restructuring prior to the IPO which subsequently required complex and judgemental accounting which increases the risk of material misstatement.

As part of the listing process the Group converted to UK adopted international accounting standards (IFRS).

Audit Committee action

The Audit Committee has reviewed the assumptions made by and challenged management in respect of the reorganisation as well as the IPO accounting and is satisfied that these were appropriately accounted for under IFRS.

The Audit Committee has satisfied itself that accounting for the Group reorganisation using a predecessor accounting policy (as outlined in Note 1.3 to the accounts) is appropriate. It was also noted that management sought advice from a global and reputable third party accountancy firm to support them on the accounting for the transaction.

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2021 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. When forming its opinion, the Committee reflected on discussions held since its formation, discussions with management, and reports received from the external auditors, and considered the following:

- The application and appropriateness of the Group's accounting policies and procedures and whether the Group has made appropriate estimates and judgements, taking into account the external auditor's views;
- The Group's financial control environment and attitude to risk;
- The remuneration and proposed reappointment of our external auditors;
- The independence, objectivity and effectiveness of the external auditors;
- The plans for any announcements in relation to the 2021 Group accounts, including presentations from management;
- Key internal policies including anti-bribery and corruption and related compliance policies and whistleblowing arrangements.

Following the Committee's review, the Directors confirm that, in their opinion, the 2021 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Risk management and internal control

The Committee's responsibilities include assisting the Board in its oversight of risk management within the Group. The Audit Committee will review the Group's approach to risk management and report to the Board, which will take the final view.

The Group has internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and that transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include the following key elements:

- An appropriate organisation structure with clearly defined lines of responsibility
- Systems of control and delegated authorities which are appropriate for the size of the business;
- A robust financial control, budgeting and forecasting system which includes a weekly three month revenue forecast, quarterly reforecasting, variance analysis and monitoring of KPIs;
- Established procedures by which the Group's consolidated financial statements are prepared including clear reporting deadlines and monitoring of key financial reporting risks arising from changes in the business or accounting standards;
- Key contracting processes, procedures and principles in place in order to minimise contractual risk;
- Established policies and procedures setting out expected standards of integrity and ethical standards including mandatory annual training on anti-bribery and corruption and sanctions controls;
- An experienced and qualified finance function which regularly assesses the possible financial impact of the risks facing the Group; and
- A Group risk framework and internal Risk Management Committee to monitor and minimise risk.

The Group does not currently have an internal audit function given the size of the business. The Audit Committee intends to work with management to establish an appropriate internal audit framework going forward.

Risk management framework

The risk management framework and risks identified are presented on pages 22 to 26. The Audit Committee reviews the internal control systems, risk management processes and corporate risk register on behalf of the Board and assesses the actions being taken by senior management to monitor and mitigate these risks.

External audit

The Committee is satisfied that BDO LLP maintains its independence, and other than acting as Joint Reporting Accountant as part of the IPO process during 2021, BDO has not received any fees from the Group other than in relation to the audit.

The Committee reviewed BDO LLP's findings in respect of the audit of the financial statements for the year ended 31 December 2021. The Committee met with representatives from BDO LLP without management present and with management without representatives of BDO LLP present, to ensure that there were no issues in the relationship between management and the external auditors which it should address. There were none. The year ended 31 December 2021 is the first year for which Mark McCluskey will sign the auditor's report as senior statutory auditor.

On behalf of the Audit Committee

Tony Durrant
Chair of the Audit Committee

4 June 2022

Nomination Committee Report

Championing our talent strategy

The Nomination Committee comprises myself, Bill Shannon, as its Chair as well as Tony Durrant, Thomas Thomsen, Joe Connolly and Allan Pirie. Tony Durrant and Thomas Thomsen were both considered independent on appointment.

The role of the Committee is to:

- Ensure that there is a formal, rigorous and transparent procedure for appointments to the Board
- Lead the process for appointments and make recommendations to the Board
- Assist the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders
- Ensure plans are in place for orderly succession to positions on the Board and as regards the senior management, including the Company Secretary
- Oversee the development of a diverse pipeline for succession
- Work and liaise with other Board Committees, as appropriate (including the Remuneration Committee in respect of any remuneration package to be offered to any new appointee of the Board) and ensure that the interaction between Committees and between the Committee and the Board is reviewed regularly

As the Nomination Committee was only formed in November 2021, there were no meetings during the reporting period. The Committee will henceforth meet at least once per year.

In accordance with the provisions of the Code, all our Directors will retire at each AGM and, if decided appropriate by the Board, may be proposed for reappointment. In reaching its decision the Board acts on the advice of the Nomination Committee.

Given the short period that the Board has been in operation, no formal evaluation has yet been undertaken however the Chair confirms that the performance of each of the Non-Executive Directors continues to be effective and to demonstrate commitment to their role. The Committee considers that they each provide distinct and valuable input to the overall operation of the Board.

The Committee intends to undertake a formal evaluation of the Board and its Committees during the course of the next calendar year in accordance with the recommendations of the Code. Part of this evaluation will be to assess the training activities and needs of the Directors.

I look forward to reporting to you next year on the Committee's progress in these areas and its other activities.

Bill Shannon
Chair of the Nomination Committee

4 June 2022

Remuneration Committee Report

Ensuring key personnel deliver the Company's objectives

This report is for the year ended 31 December 2021 and sets out the governance and detailed remuneration for the Executive and Non-Executive Directors of the Company under the requirements of AIM Rule 19.

Ashtead Technology is committed to high standards of corporate governance. The Remuneration Committee was constituted in November 2021 and comprises Tony Durrant and Thomas Thomsen, both independent non-executive directors, and the Chair of the Board, Bill Shannon. All members have relevant commercial and operating experience. The CEO and CFO attend certain meetings by invitation and no individual takes part in any decision in relation to his or her own remuneration.

The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that:

- Remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
- Executive remuneration is aligned to company purpose and values and linked to delivery of the Group's long-term strategy.

The Company's approach to remuneration is that the overall package should be sufficiently attractive to recruit, motivate and retain individuals of a high calibre with significant technical and strategic expertise.

Prior to the IPO, Executive Director packages were similar to those expected within a private equity owned business, including a management incentive plan ("MIP") whereby various shares owned by the executive management were subject to a ratchet mechanism on exit. The cost of purchase of the shares under the MIP was covered by a payment from the Group.

With effect from admission to AIM, new remuneration arrangements were introduced for the Executive Directors which reflect market standard. Guidance was sought from external consultants prior to the IPO.

Executive Directors receive an amount of fixed pay made up of a base salary, a benefits package and pension contribution.

Short term performance for senior executives is incentivised using an annual bonus scheme based on the achievement of profitability targets. Long-term performance is incentivised by way of a long-term incentive plan ("LTIP") based on the achievement of performance goals aligned to the Company's business strategy and measured over a three-year period. These various schemes provide the Board with tools to help it to continue to strengthen the alignment of employee and shareholder interests

Basic salary

Executive Directors' salaries were agreed at the time of the listing and are next scheduled for review in January 2023, any movement will be determined by the Remuneration Committee.

Executive Directors' contracts of service (which include details of their remuneration) will be available for inspection at the Annual General Meeting. In addition to their basic salary, Executive Directors receive certain benefits comprising a car allowance, private medical, life insurances and pension contributions (or cash in lieu of such contributions).

Annual bonus payments

The Executive Directors are entitled to participate in the annual bonus scheme. The bonuses are payable subject to the achievement of financial targets relating to the group as well as personal targets. The annual bonus becomes available once 90% of budget EBITDA is achieved and is maximised at 110% of budget EBITDA. This is aligned with all participants in the bonus scheme.

The maximum bonus potential for the Executive Directors is 100% of base salary.

No formal annual bonus scheme was in place during FY20 and FY21 as a result of the COVID-19 pandemic. However, both Executive Directors received a payment to cover the cost of purchase of shares under the MIP.

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Share-based incentives

On IPO the Group adopted the Ashtead Technology long term incentive Plan ("LTIP") which will continue to operate indefinitely. The purpose of the LTIP is to retain and incentivise Executive Directors and senior employees whose contributions are essential to the continued growth and success of the business.

As was stated in the Admissions Document, certain LTIP option awards were to be made at IPO with the intention to grant additional LTIP option awards annually thereafter, with vesting being dependent on the achievement of agreed financial targets. The LTIP options are at nil cost. The IPO awards are in the process of being issued (see below).

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.

Pension arrangements

Allan Pirie receives a pension allowance of 8.9% of salary in lieu of Group pension contribution. Ingrid Stewart receives a contribution to the Group pension scheme equating to 10% of salary. There are no excess retirement benefits of Directors or past Directors of the Group.

Executive Directors' service contracts

In accordance with general practice, and Group policy, the Executive Directors have contracts with an indefinite term and a notice period of six months. The contracts are held with Ashtead Technology Limited. 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.

Non-Executive Director remuneration

All Non-Executive Directors have specific terms of engagement and are for an initial term of three years, unless terminated earlier by either party giving to the other three months' prior written notice.

Non-executive Directors are paid fees appropriate to time commitments and responsibilities of the role. This includes a base fee plus a fee for any role as chair of committee. The fees were agreed prior to IPO and will be reviewed periodically. The Board will be guided by any market movements. In addition, reasonable business expenses may be reimbursed.

The Non-Executive Directors are expected to attend a minimum of six Board meetings per annum and be available for ad hoc support as required.

Directors' interests in shares

The Executive Directors held shares in the Group via the previous MIP which was converted to ordinary shares on IPO. The interests of the Directors as of 31 December 2021 in the shares of the Company were:

Director	Number	% of issued shares
Allan Pirie[1]	2,166,600	2.7%
Ingrid Stewart	300,786	0.4%
Bill Shannon	49,382	0.1%
Thomas Thomsen	Nil	Nil
Joe Connolly[2]	124,969	0.2%
Tony Durrant	Nil	Nil

(1) a portion of these interests are held indirectly via an interest in BP INV2 Newco Ltd (the legal owner of the Ordinary Shares).
(2) the interests are held indirectly via an interest in BP INV2 Newco Ltd and directly via an interest in BP INV2B Bidco Ltd (the legal owners of the Ordinary Shares).

LTIP awards

As agreed at the time of the IPO, both the CEO and CFO were entitled to grants on admission of up to 200% of base salary (by reference to the offer price at admission). It is intended that these awards will be made immediately following the announcement of the 2021 annual results. This award equates to 406,389 shares for the Chief Executive Officer and 246,914 for the Chief Financial Officer. The awards will vest in three equal tranches following the date of grant in proportion to the attainment of an Adjusted EPS (translated from EBITDA as set out in the Admissions Document) as agreed with the Board (see table to right).

Director	Fees £'000	Committee Chair fees £'000	Total £'000
Bill Shannon	110	–	110
Thomas Thomsen	45	–	45
Joe Connolly	45	–	45
Tony Durrant	45	15	60

Total Directors' remuneration for 2021

Director	Salaries and fees £'000	Additional payment £'000	Other benefits £'000	Long-term incentives £'000	Total £'000
Allan Pirie[1]	275	9	36	–	320
Ingrid Stewart[2]	200	259	31	–	490
Bill Shannon[3]	12	–	–	–	12
Thomas Thomsen[3]	5	–	–	–	5
Joe Connolly[3]	5	–	–	–	5
Tony Durrant[3]	6	–	–	–	6

The highest paid Director in 2021 was Ingrid Stewart.

(1) additional payment for Allan Pirie paid to fund purchase of MIP shares.
(2) additional payment for Ingrid Stewart agreed to fund initial purchase of MIP shares.
(3) remuneration in regard to the Non-Executive Directors was from IPO only. Joe Connolly did not receive any remuneration for any directorships held within the Group prior to IPO.

LTIP Targets

	Year ending 31 December 2022	Year ending 31 December 2023	Year ending 31 December 2024
Adjusted EPS needed for full vesting	18.30p	20.61p	23.59p
Adjusted EPS needed for 25% hurdle vesting	15.96p	17.17p	19.15p

The Executive Directors are entitled to potential future awards at the discretion of the Board and it is intended that the Options will be granted each year within six weeks of the announcement of annual results.

Directors remuneration for the year commencing 1 January 2022

The Executive Directors salaries were reviewed prior to admission to AIM in November 2021. The salaries for the CEO and CFO effective 1 January 2022 are £330,000 and £200,000 respectively.

Other

No Director has received compensation for loss of office. No sums have been paid to third parties in respect of Directors' services.

By order of the Board

Tony Durrant
Chairman of the Remuneration Committee

4 June 2022

Leading with experience

The Directors present their Annual Report and audited financial statements for the Group and the Company for the year ended 31 December 2021. The comparative results are for the year ended 31 December 2020.

The Company was formed on 27 May 2021 and became the parent entity of the Group on 17 November 2021 when Ashtead Technology Holdings plc acquired the entire shareholding of both BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc. by way of a share for share exchange agreement. These consolidated financial statements of the Group are therefore the first set of audited financial statements for the Group.

The comparative figures for the year ended 31 December 2020 are those of BP INV2 Pledgeco Limited and Ashtead US Pledgeco combined. Prior to 17 November 2021 BP INV2 Pledgeco Limited and Ashtead US Pledgeco Inc and their respective subsidiaries did not form a legal group, however they were under common management and control throughout the period. The comparative results for the year ended 31 December 2020 have therefore been presented on a consistent basis as if the Group was in existence during this period.

As the Group was not in existence in its current form during the year ended 31 December 2020, a statutory audit within the meaning of section 434 of the Companies Act 2006 was not performed and hence no audit opinion was issued. However, as part of the process of admission to AIM, an accountant's report, undertaken by BDO LLP and Deloitte LLP, in accordance with Standards for Investment Reporting 2000 ("SIR 2000") issued by the Auditing Practices Board in the United Kingdom, was issued on the historical information included in the Admissions Document.

Strategic Report

The Strategic Report is a requirement of the Companies Act 2006 and can be found on pages 02 to 27. Ashtead Technology has chosen, in accordance section 414C(11) of the Companies Act 2006, to include the following matters of strategic importance that would otherwise be disclosed in the Directors' Report in other sections of this Annual Report. This information should be read in conjunction with this Directors' Report.

Subject matter	Page
Business review and principal activities of the Group	01 to 13
Information on the principal risks and uncertainties	22 to 26
Key performance indicators	20 to 21
Stakeholder engagement	14 to 15
Risk management	22 to 26
Financial Instruments	79 to 81
Environment, Social and Governance (ESG)	16 to 17

Future development and prospects

Ashtead Technology has been operating in the offshore energy market for 37 years and is well positioned to take advantage of the rapidly growing offshore renewables market whilst continuing to support the strategically important oil and gas market. As we write this Directors' Report, there is an increased importance globally on energy security and affordability which will encourage increased investment in the offshore energy sector within which the Group plays a critical part.

Ashtead Technology's commitment to service excellence and the provision of leading edge technology, as well as its position in a large addressable market, puts it in a strong position as it looks to the future. Through continued investment in the business, Ashtead Technology will increasingly meet the needs of our customers, helping them to continue to adapt through the energy transition.

Results and dividends

The audited financial statements of the Group and of the Company are set out on pages 50 to 54 and pages 85 to 86 respectively.

The Group paid a dividend of £1.3m as part of the pre-IPO restructuring.

Given the shortness of the period from IPO, no further dividend is proposed for 2021. It is the Directors' intention to implement a progressive dividend policy in the near future, subject to the discretion of the Board and to the Company having distributable reserves.

Going concern

Full consideration of the going concern assessment is included in note 1.6 to the accounts. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for a two-year period ending 31 December 2023. Following careful consideration of the base case forecasts and the application of severe but plausible downside scenarios to these forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate within the level of its current facilities for a period of at least 12 months from the date of this Report. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Group and Company financial statements.

Directors' Report *continued*

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the Group financial statements were:

- Bill Shannon (Chair appointed 23 November 2021)
- Allan Pirie (CEO appointed 4 November 2021)
- Ingrid Stewart (CFO appointed 4 November 2021)
- Joe Connolly (Non-Executive Director appointed 4 November 2021)
- Tony Durrant (Independent Non-Executive Director appointed 23 November 2021)
- Thomas Thomsen (Independent Non-Executive Director appointed 23 November 2021)
- Paul Blackburn (appointed 27 May 2021, resigned 4 November 2021)
- Maureen Caveley (appointed 27 May 2021, resigned 4 November 2021)

Biographical details of the current Directors are included in pages 28 to 29.

The Directors who held office during the year had the following interests in the Ordinary Shares of the Company as at 31 December 2021.

Name of Director	Number of shares
Bill Shannon	49,382
Allan Pirie	2,166,600
Ingrid Stewart	300,786
Joe Connolly	124,969
Tony Durrant	Nil
Thomas Thomsen	Nil

Directors' insurance

The Company maintains Directors and Officers liability insurance, which was in force during the period under which the Company was part of the Group and remains in force as at the date of this report.

Employee involvement

The Group's policy is to consult and discuss with employees, primarily at meetings, on matters likely to affect employees' interests.

The Group is an equal opportunity employer and provides training, performance evaluation and opportunities for advancement and career development.

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion. Further details on how the Company communicates with its employees as a key stakeholder group and has regard to their interests can be found in the Section 172 Statement on pages 14 to 15.

Business relationships

The Board recognises the importance of considering all stakeholders in its decision making, as set out in Section 172 of the Companies Act, and is committed to engaging effectively and working constructively with all of our stakeholders. To date, this has the positive impact of promoting the success of the Group as a whole. More information on how we engage, along with steps taken to evolve relationships with stakeholders, can be found in the Section 172 Statement on pages 14 to 15.

Research and development

The Group is continually looking at ways to enhance its offering to its customers, including innovating and enhancing its technology and applications.

Streamlined energy and carbon reporting (SECR)

The Group and the Company are currently exempt from energy and carbon reporting under SECR requirements as none of the entities within the Group qualify at an individual level due to falling below the reporting threshold. Notwithstanding this exemption, the management team have started to monitor and test the appropriate metrics in order to report on these in future periods.

Share capital and voting

Details of the Company's share capital are shown on page 78 of the accounts. The Company has one class of Ordinary Shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Significant shareholders

As at 31 May 2022 the Company has been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority of the following notifiable interests in 3% of more of its voting rights.

The figures below being as at 30 April 2022.

Buckthorn Partners ("Buckthorn") held 35.04% and Arab Petroleum Investments Corporation ("APICORP") held 20.69% of the issued Ordinary Share capital of the Company as at 31 December 2021 and as at the date of this report. Both Buckthorn Partners and APICORP have Relationship Agreements with the Company under which both shareholders undertook to comply with the independence provisions as required under the AIM Rules for Companies as published by the London Stock Exchange. Under these agreements, both Buckthorn and APICORP undertook to:

- Not take any action that would have the effect of preventing, precluding or inhibiting:
- The Company or any other member of the Group from operating or carrying on its business independently of the shareholder and any of its associates; or
  - The Company or any other member of the Group from making decisions for the benefit of the Company's shareholders as a whole; or
  - Numis Securities Limited (or the Company's nominated advisor from time to time) from complying with its obligations under the Nomad Rules; or
  - The Company from complying with its obligations under the Placing Agreement or the Nomad and Broker Agreement;
- Conduct any transactions, agreements and arrangements with the Company or any other member of the Group (including the implementation, enforcement or any amendment thereof) on an arm's length basis and on normal commercial terms and where applicable in accordance with the related party rules set out in Rule 13 of the AIM Rules;
- Not take any action that would have the effect of preventing the Company or any other member of the Group (if applicable) from complying with its obligations under the AIM Rules;
- Not take any action that would have the effect of preventing the Company or any other member of the Group (if applicable) from complying with applicable laws and regulations, including its obligations under the DTRs, the Market Abuse Regulation, the requirements of the London Stock Exchange, the FSMA or the Financial Services Act;
- Not take any action that would have the effect of preventing the Company, any other member of the Group or the Board from managing their affairs in accordance with the principles of good governance set out in the QCA Code or any other corporate governance regime adopted by the Board from time to time;
- Not exercise any voting or other rights and powers as a shareholder of the Company to procure or propose, or vote in favour of, any resolution for any amendment to the Articles which:
  - Would prevent the Company from carrying on its business independently of the shareholder and any of its associates; or
  - Would prevent the election of Independent Directors; or
  - Is intended or appears to be intended to circumvent the proper application of, or is inconsistent with, undermines or breaches any provisions of this Agreement, the AIM Rules, the DTRs or the Market Abuse Regulation; and
  - Not act in any way which they know (or should reasonably know) would prejudice either the Company's status as a Company admitted to AIM or its suitability for continued admission on AIM or result in the Company being subject to regulatory censure or other adverse regulatory action.

The Group has complied with the above independence provisions and, insofar as it is aware, Buckthorn and APICORP have complied with the independence provisions.

Buckthorn Partners	27,886,857	35.04%
Arab Petroleum Investments Corporation	16,463,039	20.69%
Fidelity Management & Research	5,971,000	7.50%
Chelverton Asset Management	3,703,700	4.65%
Jupiter Asset Management	3,204,865	4.03%
Schroder Investment Management	3,190,660	4.01%
Lothian Pension Fund	2,460.000	3.09%

If the shareholding of either Buckthorn or APICORP (and/or either of their associates) reduces to below 10% of the Company's share capital (of 10% of the aggregate voting rights in the Company), the rights and obligations of Buckthorn and/or APICORP shall terminate. Buckthorn and/or APICORP may terminate the Relationship Agreement if the Company ceases to be admitted to listing. The Ordinary Shares owned by each of Buckthorn and APICORP rank pari passu with the other Ordinary Shares in all respects.

Lock up arrangements

Buckthorn, APICORP, Allan Pirie, Ingrid Stewart, Brett Lestrange, David Mair, Richard Hehir, Steven Thrasher, Ross MacLeod and Peter Simpson entered into lock up deeds on 23 November 2021, pursuant to which they agreed that, subject to certain customary exceptions during the period of 365 days (in respect of Allan Pirie and Ingrid Stewart) and 180 days (in respect of the other shareholders), they will not, without prior written consent dispose, or agree to dispose, of any shares.

Political donations

It is the Group's policy not to make political donations. The Directors confirm that no donations for political purposes were made during the year (2020: nil).

Articles of Association and powers of the Directors

The Company's Articles of Association (the "Articles") contain the rules relating to the powers of the Company's Directors and their appointment and replacement mechanisms. The Articles may only be amended by special resolution at a general meeting of the shareholders. Subject to the Articles and relevant regulatory measures, including the Companies Act 2006, the day-to-day business of the Group is managed by the Board which may exercise all the powers of the Company. In certain circumstances, including in relation to the issuing or buying back by the Company of its shares, the powers of the Directors are subject to authority being given to them by shareholders in general meeting.

Notice of Annual General Meeting

Details of business to be conducted at this year's AGM are contained in the Notice of the Annual General Meeting which will be communicated to shareholders separately. It is the opinion of the Directors that the passing of these resolutions is in the best interest of the shareholders.

Corporate governance

The Group's statement on corporate governance can be found in the Corporate governance section of this Annual Report on pages 31 to 32, which is incorporated by reference and forms part of this Directors' Report. It can also be found on the Company's website.

Directors' statement as to disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the AGM.

Approved by the Board and signed on behalf of the Board.

Allan Pirie
Chief Executive Officer

4 June 2022

Upholding the highest standards of corporate governance

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ashtead Technology Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- understanding the processes relating to the assessment of the appropriateness of the going concern assumptions;
- testing the arithmetic accuracy of the cashflow forecast model, ensuring the logic of any calculations are performing as designed;
- analysing the current and forecast performance of the Group including working capital requirements, by assessing Directors' assumptions against market data and the Group's post year end performance;
- re-performing the Directors sensitivity testing and performing reverse stress testing on Directors' forecasts over the going concern period and assessing the likelihood of the scenario occurring and mitigating actions available to the Board;
- assessing the financing options that are available to the Group;
- recalculating current loan covenants in order to assess compliance over the going concern period;
- using various external data sources to identify indicators of potential risk at the entity and industry level; and
- assessing the going concern disclosures are appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Matter

The corresponding figures presented for the year ended 31 December 2020 are unaudited.

Independent Auditor's Report *to the members of Ashtead Technology Holdings plc continued*

Overview

Coverage[1]	95% of Group profit before tax 97% of Group revenue 99% of Group total assets	
Key audit matters		2021
	Revenue recognition – Revenue from rental of equipment	✓
	Carrying value of rental fleet	✓
	List event and group structure rationalisation	✓
Materiality	Group financial statements as a whole £558,000 based on 1% of Revenue	

1 These are areas which have been subject to a full scope audit by the group engagement team.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group' finance function is managed from a single location in the UK and has common financial systems, processes and controls covering all significant components.

We determined that six significant components, Ashtead Technology Holdings plc, Ashtead Technology Limited (UK), Ashtead Technology Offshore Inc (USA), Ashtead Technology (SEA) Pte Ltd (Singapore), Underwater Cutting Solutions Limited (UK) and TES Survey Equipment Services LLC (UAE) represented the principal business units within the Group. A full scope audit was undertaken on these components by the group audit team, who also carried out specified procedures on balances arising on consolidation. The non-significant components were subject to desktop review and specific audit procedures on certain financial statement areas by the group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Revenue from rental equipment Refer Accounting policies Note 2.8 (page 59) and Note 4 of the consolidated financial statements (page 64).	Revenue from rental of equipment is recognised over time as the contract progresses based on a daily rate. There is a potential risk of fraud as revenue from rental equipment could be manipulated through inappropriate application of the cut-off principle, incorrect calculation of accrued income or the posting of top-side manual journals. Revenue recognition is an area of focus for our audit in considering possible areas of management bias and fraud.	We assessed the design implementation and tested the operating effectiveness of key controls management have implemented to reduce the risk of inappropriate revenue recognition. We tested general controls within the IT system which management have implemented to ensure that the IT environment has appropriate access, program change and logical access controls. We further tested application controls which limits the number of days that can be billed to the number of days the equipment is listed as on rent in the system. We tested the on-hiring and off-hiring of rental equipment, which drives the number of days assets are shown as on rent, by tracing system logs of changes in asset status to despatch notes and receiving documents. We tested accrued income by tracing a sample of year end accruals to the underlying sales order and asset utilisation reports where appropriate, recalculating the number of days to be accrued and comparing to post year end invoices raised. We tested the appropriate application of the cut-off principal through testing revenue recognised in the month before and after year end by tracing a sample of items to supporting documentation to confirm the revenue is being recorded in the correct period.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Revenue from rental equipment continued Refer Accounting policies Note 2.8 (page 59) and Note 4 of the consolidated financial statements (page 64).	Given the significance of this balance in the context of the financial statements and the risks identified, we believed this was an area requiring significant auditor attention and therefore was considered to be a key audit matter.	We performed journal entry testing, applying a particular focus to individually unusual and/or material manual journals posted to the revenue account throughout the year. We agreed journals meeting predetermined criteria to supporting evidence to confirm that the revenue recognised was appropriate, had an appropriate business rationale and was in line with the Group's accounting policy. **Key observations:** Based on the procedures performed we considered that the calculation of accrued income was appropriate, that revenue was appropriately recoded in the correct period, and that top-side manual adjustments were supported.
Carrying value of rental fleet Refer, Accounting policies Note 2.2 and 2.5 (pages 57 and 58 respectively) and Note 10 of the consolidated financial statements (page 69).	The Group owns a significant number of assets included within its rental fleet. Assets included in the rental fleet are used across all jurisdictions and are regularly transferred between companies by way of intercompany transfer. As many of the assets are specialised in nature, with the frequency of their use not being directly linked to their value in use, management uses a discounted cash flow to assess the rental fleet for impairment indicators. This assessment requires the application of judgement by management about future forecast income and costs, as well as other inputs such as the discount rate. The carrying value of the asset fleet is a key area of focus for our audit due to the large fleet, frequent intercompany sales and judgement required in assessing impairment indicators.	We assessed the design and implementation of key controls management have implemented throughout the process. We tested general controls within the IT system which management has implemented to ensure that the IT environment has appropriate access, program change and logical access controls. We further tested application controls which ensure intercompany asset sales are recorded at net book value and the useful life of the asset is not altered. We performed testing to confirm the existence of assets including physical verification of a sample of assets at year end while attending on site visits and tracing to documentation confirming assets are on hire. We obtained managements discounted cash flow supporting their value in use calculation and tested the assumptions inherent in the model by • testing forecasting accuracy by comparing recent budgets to actual results as well as comparing the forecast period to date with post year end performance • engaging with valuations experts to assist us to assess the appropriateness of the discount rate utilised • testing the sensitivity of headroom returned by the model by stressing growth and discount rate assumptions to determine the effect plausible changes in assumptions would have to the headroom • performing reverse stress testing to determine the required scenarios for headroom to be eliminated and assessing the likelihood of the scenarios coming to fruition **Key observations:** Based on the procedures performed we consider the judgements made by management in accounting for the carrying value of its rental fleet is appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Listing event and group structure rationalisation Refer, Accounting policies Note 1.3 (page 55).	The group undertook a restructure before the listing event. The group restructure involved insertion of a new intermediate holding company, share for share exchanges, development of an accounting policy, as IFRS 3 Business Combinations ("IFRS 3") was scoped out as the entities involved are under common control, confirmation that control was not transitory, application of predecessor merger accounting and election of statutory reliefs in the new holding company. The accounting policy developed under a common control transaction significantly differs from acquisition accounting and together with the above matters present a significant risk of material misstatement. Further, the use of predecessor merger accounting permits the presentation of comparatives as if the group had always existed, which significantly changes the information presented to the public in this, the first set financial statements for the holding company. Adequate disclosure will be required to allow the user to understand the accounting policy adopted. It is therefore considered to be a key audit matter.	We reviewed the detailed restructuring plan to assess if the steps were allowable under the Companies Act 2006 and IFRS 3 and IAS 27 Consolidated and Separate Financial Statements ("IAS 27"). We considered whether managements conclusions that IFRS 3 was not applicable, that transitory control provisions were not applicable in this scenario, and that this constituted a transaction under common control, were appropriate and further that managements' accounting policy under predecessor merger accounting principles was appropriate in the circumstances. In making our considerations we reviewed the work of managements' expert and, with the assistance of our own internal financial reporting resources, formed our conclusions based on the requirements of the accounting standards and in the context of the substance of the transaction. We reviewed the accounting entries processed and confirmed that the Directors implemented appropriate accounting for the holding company for a share for share exchange in line with IAS 27 and other appropriate guidance. We confirmed the criteria for Merger relief was met. We involved our Tax experts to assist us to assess the appropriateness of the tax treatments on the restructuring step plan. We considered the underlying accounting adjustments to determine if they were appropriately reflected in the financial statements. We evaluated the appropriateness of the disclosures made in the Group and Company financial statements. **Key observations:** The above procedures gave us sufficient comfort that the group restructure undertaken during the year is in line with accounting standards, was appropriate in light of the circumstances relating to restructure and that these have been appropriately disclosed.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Our application of materiality continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2021 **£**	**2021** **£**
Materiality	558,000	230,000
Basis for determining materiality	1% of Revenue	1.5% of Total assets
Rationale for the benchmark applied	We consider this to be the user's principal consideration in assessing financial performance of the Group as the Group considers revenue to be their key performance indicator which demonstrates less volatility than other performance measures.	We consider total assets to the principal consideration in assessing the performance of the Parent as the holding company for the group.
Performance materiality	390,000	161,000
Basis for determining performance materiality*	70% of the above materiality thresholds based on our expectation of total value of known and likely misstatement, our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	70% of the above materiality thresholds based on our expectation of total value of known and likely misstatement, our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of between 10% and 89% of Group materiality dependent on the relative size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £57,000 to £496,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £22,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2021 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Director's Responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities, including fraud

In identifying and assessing the risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors, remuneration, bonus levels and performance targets;
- Enquiring of Management and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; and
  - Discussing among the engagement team and involving relevant internal specialists, including tax, valuations, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition and the management override of controls.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, AIM Listing Rules, QCA Code and tax legislation.

Audit response to risks

As a result of performing the above, we identified revenue recognition carrying value of rental assets and the listing event and group rationalisation to be key audit matters. The key audit matters section of our report explains these matters in more detail and also describes the specific procedures we performed in response to each key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud and carrying out testing accordingly;
- reading minutes of Board of Director meetings and of those charged with governance and reviewing correspondence with regulatory bodies, tax authorities, such as HMRC, and reviewing board minutes and other relevant documentation for indications of non-compliance with laws and regulations.
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with applicable law and accounting standards and whether there are instances of potential bias in areas with significant degrees of judgement.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- vouching balances and reconciling items in Management's key control account reconciliations to supporting documentation as at 31 December 2021;
- performing a stand back review of misstatements identified, to determine whether indicative of management bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark McCluskey
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Glasgow, UK

4 June 2022

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