Ashtead Technology Holdings plc
Annual Report and Accounts 2023

WELCOME

Ashtead Technology is a **leading** subsea equipment rental and solutions **provider to the global offshore energy sector.**

We provide specialist equipment, advanced technologies and services to support our customers' offshore energy projects including:

01 // Survey and robotics
Specialists in technologically advanced equipment solutions from leading manufacturers worldwide

02 // Mechanical solutions
Delivering industry-leading mechanical solutions for offshore energy construction, inspection, maintenance, repair (IMR) and decommissioning projects

03 // Asset integrity
Technology solutions to optimise the performance, safety and reliability of offshore infrastructure

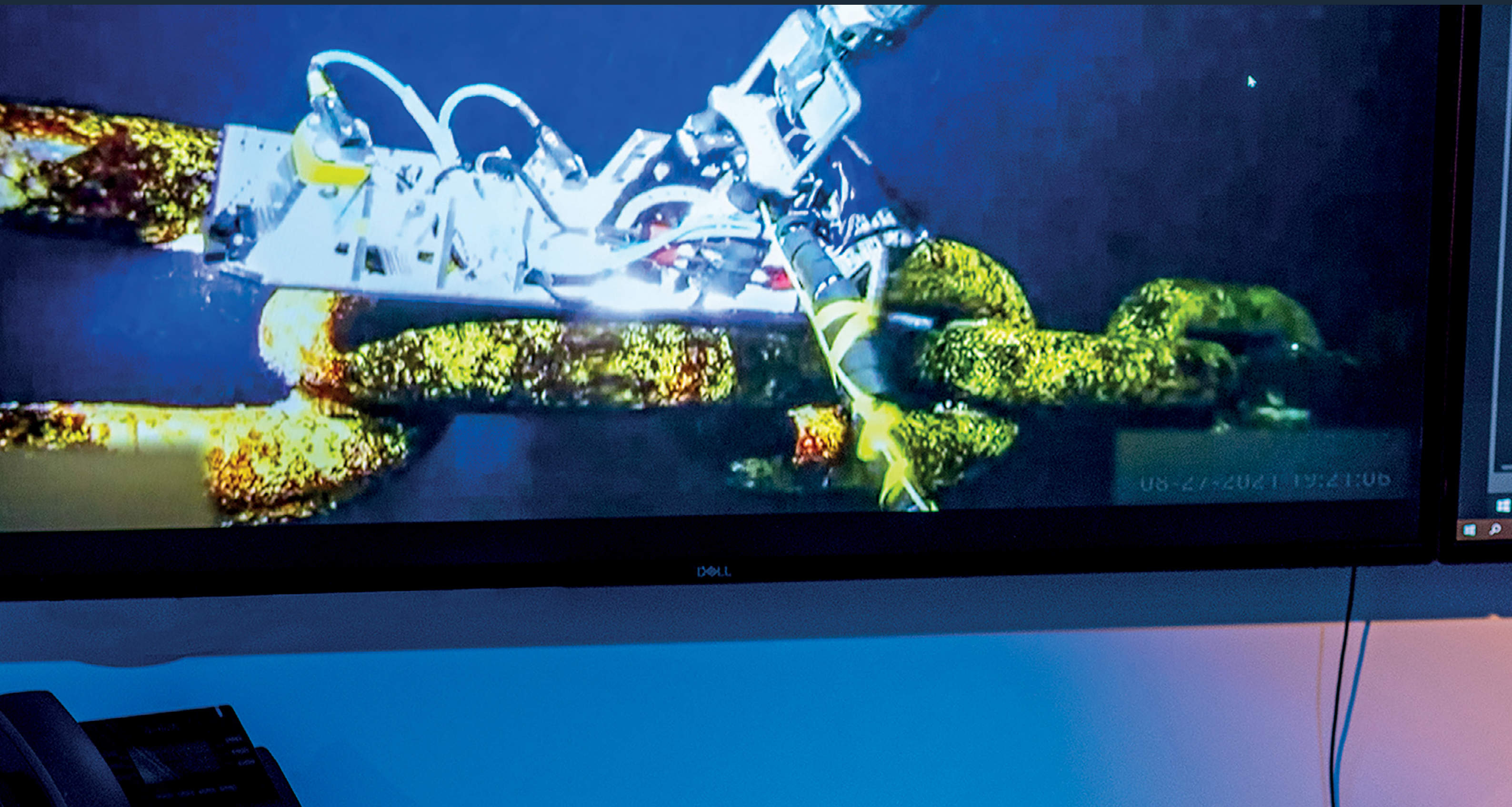
Read more about our offering on **page 2**

39
Years of operation

12
Regional hubs

>520
Employees

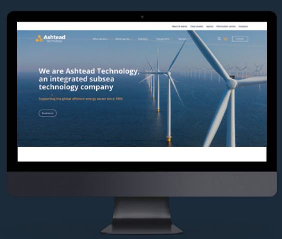
23,000+
Rental assets



Strategic Report

Governance

Financial Statements



Visit us online

For the latest news and information on our Group and its activities check out our corporate website to stay up to date.

www.ashtead-technology.com

AT A GLANCE

We are an offshore **energy technology company.**

We support the installation, IMR (inspection, maintenance & repair), and decommissioning of offshore energy infrastructure.

What we do

We provide advanced technologies, equipment and services to meet our customers' complex engineering challenges offshore.

We are agile and responsive with the ability to deliver fast-turnaround technology solutions to meet and exceed the expectations of our customers, in a timely, safe and reliable manner.

Survey & robotics

Our extensive array of survey and robotics equipment is designed to meet our customers' current and future operational challenges.

- Geophysical
- Inspection
- Hydrographic
- Positioning
- Remote visual inspection
- ROV sensors
- Metocean
- Environmental

Mechanical solutions

Our in-house designed and third-party mechanical equipment solutions and services are one of the widest ranging in the industry.

- Design, engineering & fabrication
- Subsea cutting & recovery
- Subsea dredging
- Coating removal & cleaning
- ROV tooling
- Intervention skids
- Ancillary equipment
- Lifting, pulling & deployment

Asset integrity

Our custom engineered packages are tailored to address operational requirements in challenging offshore environments.

- Environmental monitoring
- Offshore construction & life of asset monitoring
- Offshore wind foundation inspection
- ROV inspection services
- Mooring inspection & analysis
- 3D imaging & metrology
- Riser cleaning & inspection
- Remote operations

Our purpose

Our purpose is to serve as our customers' trusted offshore technology partner and support them in the delivery of cleaner, safer and more efficient energy production, leveraging our extensive equipment portfolio, know-how and expertise.

Our purpose is underpinned by our **core values**. They help us set direction and they guide our decisions, actions and the way we interact with others.

Agility

Delivering today and adapting for tomorrow

We are nimble, innovative and responsive in our decision-making, in our planning, and in our service delivery.

We are enterprising, commercially focused and strive to respond quickly and meaningfully to our customers' project requirements.

Collaboration

Working together to achieve more

By working together as one team across our disciplines and geographies, we share and use our combined knowledge, expertise and ingenuity to provide the optimum solutions for our customers.

We seek to develop mutually beneficial, long-term relationships with all our stakeholders, founded on trust and respect.

Excellence

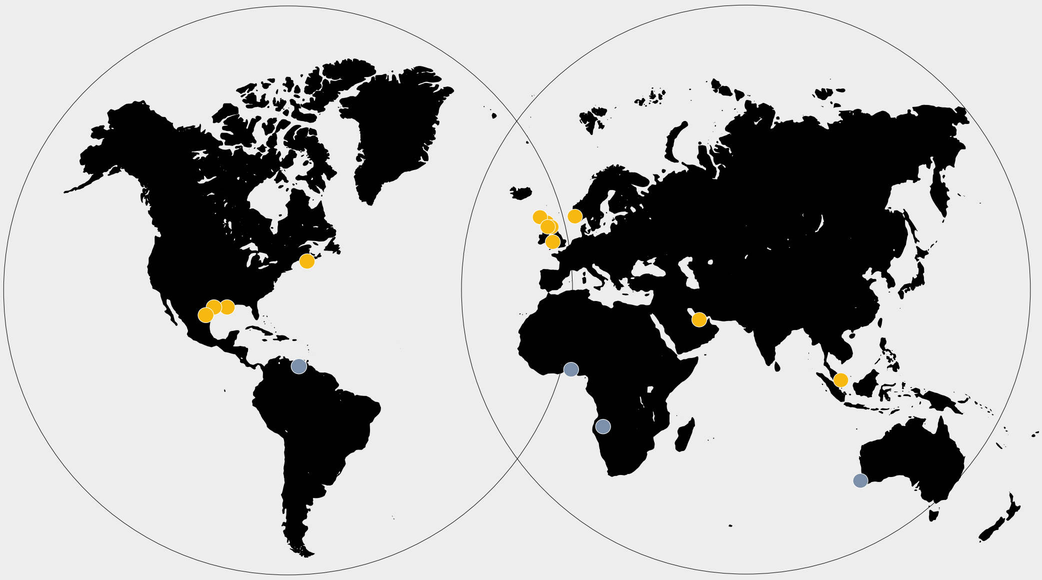
Upholding the highest standards in all we do

We have a determined focus on delivery and exceeding our customers' expectations.

We never compromise on safety, integrity and quality and strive for continuous improvement to build a sustainable and profitable business for the long-term.

Where we operate

Our business operates regionally. We employ more than **520** people globally and service our customers from 12 facilities strategically located in key energy hubs in the UK, Norway, USA, Canada, UAE and Singapore.



- Regional hubs
- International partners

Our core markets

Global trends are driving demand across our core markets.

As a Group we are well positioned to play a responsible role in an evolving oil and gas sector, as well as having the expert capabilities to support the accelerating investment in offshore wind around the globe.

Oil and gas

Ashtead Technology has supported the international oil and gas industry for decades as the go-to partner for underwater technology rental and services.

With experience across the complete lifecycle of offshore infrastructure, Ashtead Technology understands the increasingly challenging environments of offshore oil and gas, and the need to ensure safe, sustainable and profitable operations, particularly during later field life.

Market revenue **69%**

£76.6m

(2022: £50.5m)

Renewables

Offshore renewable energy is an increasingly important part of our business now and in the future.

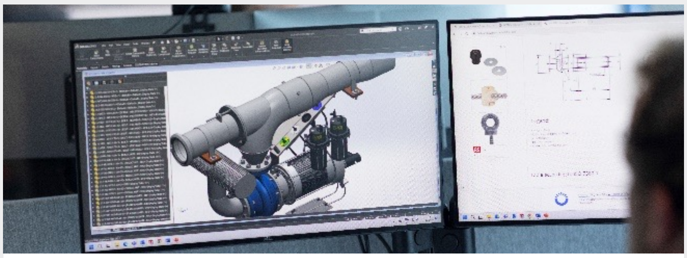
We support our customers to meet the growing demand for cleaner, safer and more efficient energy production using our wealth of knowledge, skills and technical expertise.

Market revenue **31%**

£33.9m

(2022: £22.6m)

Engineering the future



Underpinned by our deep heritage, knowledge and extensive experience in the subsea and robotics sector, Ashtead Technology has built an established track record in the delivery of custom engineered solutions for the offshore energy industry. Our ability to understand what and where the challenges are and how these can be overcome has resulted in the pioneering development of several new technology innovations, leveraging the collective capabilities and strengths across our business.

With access to a wide range of OEM equipment augmented with our own in-house designed and built equipment, Ashtead Technology can focus on developing the right solution for our customers' project needs.

Financial highlights

Revenue

£110.5m

2023	£110.5m
2022	£73.1m
2021	£55.8m
2020	£42.4m
2019	£47.8m

Adjusted EBITDA*

£48.3m

2023	£48.3m
2022	£28.3m
2021	£22.4m
2020	£17.0m
2019	£21.9m

Revenue from renewables

£33.9m

2023	£33.9m
2022	£22.6m
2021	£18.5m
2020	£12.1m
2019	£8.5m

Operating profit

£31.2m

2023	£31.2m
2022	£17.7m
2021	£7.6m
2020	£3.1m
2019	£8.8m

* Non-GAAP metric (see definitions on page 111).

INVESTMENT CASE

Well **positioned** for **continued growth.**

We provide an unrivalled offering to our customers and are committed to delivering sustainable and profitable growth.

Progressive & pioneering

At the forefront of what we do through continuous innovation and new product development

Experience & reputation

Trusted partner with an established track record spanning 39 years and commitment to service excellence

Assets & capability

Largest and most advanced equipment rental fleet in the industry with over 23,000 assets

International scale

Supporting customers in over 80 countries from hubs in the Americas, Europe, Middle East and Asia Pacific

Resilient growth markets

Capitalising on high growth in our core offshore energy markets

Increased propensity to rent

Increased propensity to rent by customers due to low capital outlay and access to the most advanced technologies

Value enhancing M&A

Established track record of value creation through M&A

Robust financial performance

Strong balance sheet and organic growth prospects

OUR STRATEGY

Delivering on our plan for **growth and value creation.**

A market leader in our field with a clear and focused growth strategy.

Support the energy transition for sustainable and profitable growth

- Continue to capitalise on the increase in expenditure in global offshore wind
- Use our knowledge, skills and expertise to maximise the efficiency of existing production and extend field life
- Grow market share in the growing oil & gas decommissioning market
- Pursue new growth opportunities in areas such as offshore carbon capture and storage

Strengthen our position as a leading independent subsea equipment rental provider

- Continued operational excellence, ensuring the reliability and availability of equipment through employee training and development, digitisation of internal processes and by focusing on the delivery of integrated solutions and service agility
- Leverage our significant domain expertise and knowledge to serve customers better and increase market share

Leverage our global footprint and broaden our range of complementary equipment and services

- Strengthen our presence and capability in existing markets through the further internationalisation of our products and services
- Extend the range of products and services we provide through leveraging our in-house engineering capability, continued investment in our rental fleet and pioneering new methodologies and delivery models to improve efficiencies for our customers

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

- Acquire adjacent businesses that expand our offering and/ or our geographical footprint to strengthen our value proposition
- Consolidate a highly fragmented market in order to strengthen geographic reach, product range and service capability

Acquisition of ACE Winches

In November 2023, Ashtead Technology acquired ACE Winches, further expanding our mechanical solutions service offering. Established in 1992, ACE Winches is a market-leader in the design, assembly and hire of lifting, pulling and deployment solutions. The company's core offering supports the installation, inspection, maintenance & repair and decommissioning of offshore energy infrastructure which is highly complementary to Ashtead Technology's existing equipment and services portfolio.

ACE Winches is Ashtead Technology's eighth acquisition in the last seven years and follows the Group's acquisitions of WeSubsea and Hiretech in 2022.

CHAIRMAN'S STATEMENT

Delivering **outstanding results.**

I am pleased to present my Chairman's statement for 2023 and to report that the Group achieved record growth in the year, with significant step up continued growth in revenue, profit and strong operating cash generation. These excellent results are testament to the Group's core strengths and excellent reputation in both of its key markets.

Read more about our approach to sustainability on **page 14**

Read more about our market review on **page 12**

Results

Group revenues increased from £73.1m in 2022 to £110.5m in 2023, a 51% increase, with Adjusted EBITA increasing by 82% from £19.9m to £36.2m. Statutory profit after tax was £21.6m, up from £12.4m in 2022, delivering an unadjusted basic earnings per share of 27.0p.

During the period we were delighted to complete the acquisition of ACE Winches. This acquisition added pulling, lifting and deployment capabilities which are highly complementary to the Group's mechanical services capability. The acquisition was fully funded out of the Group's cash and existing RCF facilities. With net debt at £61.7m (2022: £28.7m), leverage at 31 December 2023 was 1.3x (1.0x on a proforma basis).

Dividend

As noted in our previous Annual Report, the Board sees an opportunity to reinvest profits to finance the continued development and expansion of the business through both organic and M&A growth opportunities but also recognises the importance of dividends both to the Company's shareholders and in maintaining capital discipline. The Board intends to continue its progressive dividend policy and in this regard, has recommended a full and final dividend of 1.1 pence per share payable on 3 June 2024 with a record date of 3 May 2024.

Environmental, social and governance

We are committed to progressing our sustainability goals and have made good progress throughout 2023, as highlighted in pages 14 to 19. In an ever-evolving energy industry, one of the most significant challenges all companies face is the increased demand society places on being able to deliver sources of energy in a sustainable and responsible way. During 2023 we continued to grow our revenues from renewables and are focused on ensuring that we continue to build out our capability not only to support the growing offshore market but also the safe and clean maintenance and removal of subsea infrastructure. 31% of our revenues in 2023 came from the renewables market.

Given the strengthening of the markets in which we operate, there continues to be a significant focus on the social element of ESG. Our number one priority is the safety of our people and I am delighted to report a continuation of our zero lost time incident reporting rate through 2023. We have invested further in QHSE through 2023 and remain very focused on employee training, development, health and wellbeing.

The Board remains committed to strong corporate governance and, in particular, making sure we monitor and challenge our strategy, performance, risk and approach to managing our people. As a minimum, the Group complies with the QCA Corporate Governance Code, more information on which can be found in the Corporate Governance statement on page 39.

Board changes

With Buckthorn Partners having sold down their final stake during the course of 2023, we saw Joe Connolly resign from the Board in December to pursue other interests. Joe had been on the Board of the Ashtead Technology group of companies since 2016 and I would like to take this opportunity to personally thank Joe for his excellent and professional contribution to the Board both pre and post IPO.

We were delighted to announce the appointment of Jean Cahuzac as an Independent Non-Executive Director on 20 March 2024. Jean brings a wealth of experience within the offshore and subsea sectors having had a career spanning over 40 years prior to his retirement in 2019. Jean also has extensive PLC and non-executive experience and with this background complements the Board's current skillset, which will be invaluable as we continue to pursue our strategic goals.

Our people

Our people are at the heart of our business and as a Board we recognise the critical role they play in our success. I sincerely thank all of our colleagues for their ongoing dedication and hard work. Each time I visit I continue to be increasingly impressed by the commitment, knowledge and ambition that is demonstrated by the people across our sites. Our future success rests with the quality of people we have in our business and our strong culture, driven by our values of Agility, Collaboration and Excellence, will enable us to continue to grow the business sustainably.

“Our people are at the heart of our business and as a Board we recognise the critical role they play in our success.

Looking forward

The new financial year has started well and in line with the Group's expectations. Our significant investments in both capex and acquisitions in 2023 provide the opportunity for further growth during 2024 and with a strong market outlook, we look ahead with confidence into 2024 and beyond.

Bill Shannon

Chair

15 April 2024

CHIEF EXECUTIVE OFFICER'S STATEMENT

Continuing **positive momentum.**

I am pleased with the Group's trading performance through 2023, delivering another year of growth through strong execution of our organic and inorganic strategy. We have continued to make great progress in delivering on our strategic goals, broadening our fleet and building our strength and depth of expertise with a focus on long-term growth and shareholder value.

Read more about our approach to sustainability on **page 14**
Read more about our market review on **page 12**

We delivered 51% growth in revenues, 82% growth in Adjusted EBITA, and ROIC of 28%, as demand for our services continued to increase from both offshore renewables and oil and gas, with our growth in both markets exceeding market growth. Our statutory profit before tax of £27.5m was 69% ahead of prior year (2022: £16.3m).

Our strategy for growth is centred on doing more for our customers by providing a high quality, outsourced solution to support them in undertaking an increasing range of subsea activities across the lifecycle of subsea offshore energy infrastructure. It is differentiated through the breadth and depth of equipment supply, coupled with in-house expertise and service. Through both continued investment in our equipment and service offering, and M&A, we are building out a unique offering, providing true efficiencies and value add to our customers' offshore operations.

Responding to the market opportunity and in line with our strategy, we continued to invest in our high-quality equipment rental fleet through 2023, increasing the number of items from circa 19,000 to over 23,000 through both organic investment (£19.1m rental equipment capex) and through the ACE Winches acquisition. Through key strategic supply chain partnerships, and in-house design capability, we continue to focus on plugging key technology gaps to enhance our offering.

Acquisitions are an important element of our strategic ambition to deliver long-term shareholder returns. Our results for 2023 included a full year's trading from WeSubsea and Hiretech, the acquisitions completed in 2022, both of which have been fully integrated into the Group and are trading ahead of their acquisition cases. We also, in November 2023, completed our largest acquisition to date, ACE Winches, adding a highly complementary lifting, pulling and deployment capability to our broadening list of services. The reaction from our stakeholders has been very positive and we are already seeing significant cross-selling opportunities with our customers.

We finished the year with a robust balance sheet with leverage at 1.3x (proforma 1.0x) and this, together with our strong operational cash generation, leaves us well positioned to continue to invest in the business and take a disciplined approach to pursuing selective value-accretive M&A opportunities to build on our unique advantage through our growing mix of equipment and services. We see a pipeline of opportunities across complementary bolt-on acquisitions as well as larger opportunities that could grow our geographical reach and service capability in a similar way to that achieved through our recent strategic acquisitions.

Our business model is resilient, profitable and cash generative and we are very focused on building out a business that has a long-term, sustainable future.

Sustainability

In an ever-evolving energy industry we continue to play our part in the energy transition, supporting our customers in both the offshore oil and gas and renewables markets. We continued to make good progress on our sustainability journey by increasing our revenues from renewables by 50%. The majority of our equipment is fungible across both end markets which creates robustness and longevity as the world continues to transition to greener energy supplies. Ashtead Technology remains committed to supporting the energy transition, targeting 50% of our revenues from the offshore renewables market in the medium term.

Our people are central to everything we do. Over the past couple of years, we have grown our workforce substantially, increasing to over 520 people by the end of 2023. People development and growth is paramount, as is safeguarding the wellbeing of our employees. We strive to be a responsible employer and are focused on ensuring our employees' physical and mental health are well looked after.

On governance, we pride ourselves on the way we do business and are always focused on doing the right thing. We are committed to complying with applicable laws, working honestly, and applying the highest standards of integrity and ethics in everything we do.

"There is a heightened need for a balanced energy transition where all forms of energy are required not only to support global demand, but to deliver an orderly transition.

Market

The market has continued to see growth and momentum increase across both offshore oil and gas and renewables, as the world continues to wrestle with the energy trilemma of sustainability, affordability and security. There is a heightened need for a balanced energy transition where all forms of energy are required not only to support global demand, but also to deliver an orderly transition. As a result, Rystad Energy forecast's growth across Ashtead Technology's addressable market at 11% CAGR from 2023 to 2027.

While 2023 saw some headline project delays and cancellations in the offshore wind market, the industry is still in its infancy and growth was never going to be a smooth journey. The market is growing quickly and investment into the sector remains high, with Rystad Energy forecasting the addressable offshore wind market size for Ashtead Technology to increase at 25% CAGR from 2023 to 2027. Beyond this, forecasts show continued investment, with Rystad forecasting a 26% CAGR in cumulative global offshore wind installed capacity through to 2030.

CHIEF EXECUTIVE OFFICER'S STATEMENT *CONT.*

Within oil and gas, 2023 has seen a 61% increase in offshore greenfield sanctioning committed capex compared to the average of the previous five years, with many of the projects being sanctioned in Norway and South America. Years of underinvestment in both existing and new developments have caught up with the industry. As a source of reliable energy, the offshore hydrocarbon industry will remain a key contributor to global oil and gas production under all probable energy transition scenarios, with continued investment in this industry being critical to supporting the demand for energy. Subsea expenditure will play a significant part in this market, with Rystad Energy forecasting Ashtead Technology's addressable market within the subsea oil and gas space to increase at a healthy 7% CAGR from 2023 to 2027.

It is therefore no surprise that offshore contractors are continuing to report increasing backlogs which have more than doubled since 2020. Whilst Ashtead Technology is not a backlog business, the backlogs of our customer base give us confidence in an increasing demand for our services for years to come.

The requirement for energy production from offshore sources is significant and is set to remain so for the foreseeable future, and the fungibility of Ashtead Technology's equipment and solutions across both the offshore wind and oil and gas markets makes for a compelling and robust proposition, enabling the Group to capture growth opportunities across both adjacent markets globally.

"Our true strength lies in the quality of service that we provide, and we continue to deliver on this, as is proven by the longevity and strength of our customer relationships.

Our people

Credit for the 2023 financial results and progress in implementing our strategy during the year lies with our people and I would like to personally thank our fantastic team for their ongoing contribution to our growth and success. The Group continues to grow at pace, and we have made a significant investment in strengthening and developing the team over the last few years to ensure we have the appropriate structure and resource to satisfy our global growth ambitions.

In addition to recruitment, we are very focused on employee retention. In a buoyant market this is ever challenging and through 2023 we continued to invest in our HR team to support this challenge. Through 2024 our focus is on increasing the quality of our in-house learning and development capability to ensure that we are giving our employees the best training and opportunities available to them in our sector.

Whilst the business grows in depth and breadth, we continue to maintain and champion our values of Agility, Collaboration and Excellence. Within this we ensure that we maintain an informal and open structure and culture that enables all of our team to make a real difference to the business, whatever their role or seniority.

Our culture is one of always wanting to do our best, ensuring that we are delivering for our customers, maintaining strong relationships with both our customers and suppliers, and looking after our employees. Our true strength lies in the quality of service that we provide, and we continue to deliver on this, as is proven by the longevity and strength of our customer relationships.

Current trading and outlook

The trading result achieved in 2023 is testament to the strength of our business and the people we employ. The structural growth drivers in our end markets remain attractive and we are uniquely positioned to seize both organic and acquisitive growth opportunities. Our trading momentum has continued into the new financial year, and we are excited by the significant growth opportunities that are being worked on across the Group. The Board is encouraged by the Group's performance in Q1 2024 and our full year 2024 expectations remains unchanged.

Allan Pirie

Chief Executive Officer

15 April 2024

MARKET REVIEW

Strong confidence in outlook.

Overview

Throughout 2023 we have continued to see growth momentum increase across the offshore energy sector in both oil and gas and renewables. The ongoing conflict in Ukraine, new tensions in the Middle East, and cost of living increases have caused a continued deepening of the energy trilemma of energy security, affordability and sustainability. This has heightened the need for a balanced energy transition where all forms of energy will be required not only to support global demand but to deliver a managed transition. Within this balance is a heightened focus on lowering and/or eliminating emissions through deploying advancing technologies within traditional energy sources whilst increasing investment in renewable sources.

In offshore renewables, while there have been some headline project delays and cancellations, growth in offshore renewables continues to be forecast at a significant rate, with Rystad Energy forecasting Ashtead Technology's addressable market to increase at 25% CAGR from 2023 to 2027.

Within offshore oil and gas, 2023 has seen an 85% increase in greenfield sanctioning compared to the average of the previous eight years, with many of the projects being sanctioned in Norway and South America. Years of underinvestment in both existing and new developments have caught up with the industry. As a source of reliable energy, the offshore hydrocarbon industry will remain a key contributor to global oil and gas production under all probable energy transition scenarios and continued investment in this industry is critical to supporting the demand for energy. Subsea expenditure will play a significant part in this market, with Rystad Energy forecasting Ashtead Technology's addressable market within the subsea oil and gas space to increase at 7% CAGR from 2023 to 2027.

It is therefore no surprise that offshore contractors are continuing to report increasing backlogs, which have more than doubled since 2020. Of equal importance to the size of these backlogs, the timing of delivery of the backlogs have also extended, providing visibility into 2026 and beyond. Whilst Ashtead Technology is not a backlog business, the backlogs of our customer base give us confidence in an increasing demand for our equipment and services for years to come.

Given the fungibility of our equipment and solutions across the offshore renewables and oil and gas markets, Ashtead Technology is in a prime position to benefit from the energy transition and an increase in investment across both end markets. We are uniquely placed to support the end customers producing more sustainable energy, and we are committed to supporting our customers to deliver the energy transition.

Through our acquisition of ACE Winches in late 2023, Rystad Energy forecasts Ashtead Technology's addressable market has expanded by c.30% to $2.4bn in 2024 increasing to $3.5bn by 2027, a CAGR of 11%.

Offshore wind

Despite industry headwinds, activity in the offshore renewables sector remains high, with strong growth rates set to continue through the rest of the decade. Negative media headlines through 2023, highlighting project cancellations and delays as a result of rising cost challenges and supply chain bottlenecks, have cast a shadow over what remains a buoyant market and its fundamental value proposition has never been stronger.

There are currently 194 operational offshore windfarms globally with a further 35 under construction, 69 approved and 57 in application. The estimated increase in operational offshore windfarms through to 2026 is 57% (43% excluding those still in concept) and 158% through to 2030. Total offshore wind spend is forecast to increase at 23% CAGR 2023 to 2027 with activity remaining strong beyond this forecast period, with CAGR of 19% forecast through to 2030.

Europe remains the most mature market, capturing 57% of global offshore wind expenditure in 2030, but Asia (excluding China) is picking up the pace. Installed capacity within Europe is estimated to grow at 21% CAGR 2023 to 2030 with Asia expected to increase by 43% with Asia (excluding China) representing a 26% market share by 2030. US market share is forecast at 11% by 2030.

Ashtead Technology's presence in Europe, Asia and the US positions us well to capture continued growth from all active geographical markets and our stated target of 50% of total revenue from offshore renewables in the medium term remains unchanged. Ashtead Technology's services are applicable across every phase of the asset lifecycle, positioning us well as the market continues to grow. Rystad estimates the growth of Ashtead Technology's addressable market for offshore wind at 25% CAGR from 2023 to 2027.

Oil and gas

With an increasing balance to the energy transition debate, the importance of oil and gas in delivering energy to the global market in the short to medium term is much better understood.

2023 has seen elevated levels of offshore oil and gas greenfield sanctioning, being 85% higher than the average of the previous eight years. Key growth regions include Norway and South America with expectations that levels of greenfield sanctioning will remain high through 2027. Greenfield project capex spend is typically spread over two to four years before developments transition to production operations and maintenance and finally decommissioning, which combined will provide decades of work for services businesses like Ashtead Technology.

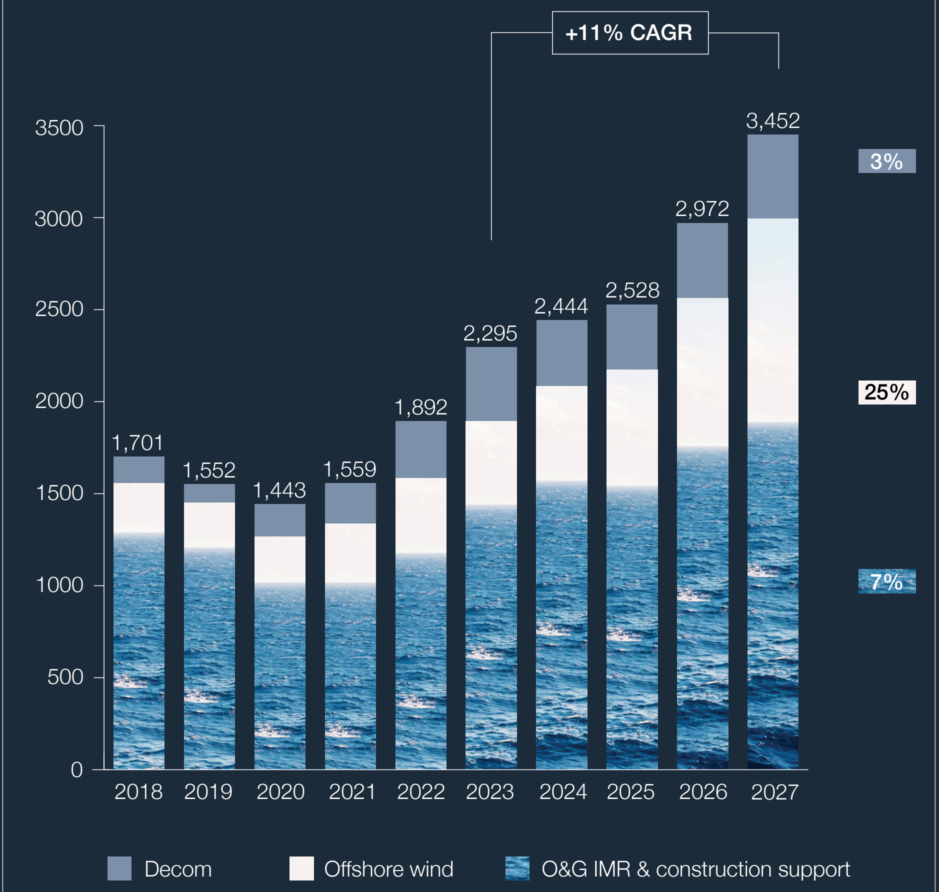
With this backdrop combined with years of underinvestment in existing fields, Rystad is forecasting a 9% CAGR in subsea spend from 2023 to 2027. South America is forecast to be the largest subsea market by 2027 with 26% market share (growing at 11% CAGR from 2023 to 2027), with Europe at 23% (growing at 8% CAGR), North America at 12% (growing at 6% CAGR) and Asia at 10% (growing at 22% CAGR).

With increased focus on production, deferment of offshore oil and gas decommissioning continues, with the largest decommissioning activity currently being in North America, shifting to Europe by 2027. Ashtead Technology's decommissioning equipment and services are also deployed within construction, and inspection, repair and maintenance (IMR) work scopes, reflecting not only the fungibility of the equipment across end markets but also across the lifecycle of offshore subsea infrastructure.

Rystad Energy forecasts estimate Ashtead Technology's addressable market within subsea IMR and construction support will grow at 7% CAGR from 2023 to 2027, with 3% CAGR in decommissioning spend over the same period.

ADDRESSABLE MARKET BY COST GROUP[1]

USD million nominal



1 Rystad Energy research and analysis (all data excludes China).

CORPORATE SUSTAINABILITY

Working towards a more **sustainable future.**

In an ever-evolving energy industry, one of the most significant challenges we face is the increased demand society places on being able to deliver sources of energy in a sustainable and responsible way.

We recognise that to be truly sustainable, we must consider the impact our business is having on society and the planet, and we must also recognise and act on the risks and opportunities impacting us and our long-term resilience.

At Ashtead Technology, we are committed to reducing our environmental footprint and enhancing our social responsibilities in line with sound corporate governance. Operating responsibly and ethically is firmly embedded in our strategy and culture.

Our approach to sustainability is outlined in our sustainability policy which is focused on priorities that are aligned with the ten principles of the UN Global Compact. This approach underpins our ambition to create long-term and sustainable value for all our stakeholders.

In 2023, we maintained our focus on six priorities based on their continued relevance and importance to our business. These are mapped against the UN's 17 Sustainable Development Goals (SDGs) which are designed to help organisations shape priorities and aspirations for sustainable development efforts around a common framework.

We have continued to make progress against each of these priorities through 2023 as follows:

Energy transition

Supporting the energy future

Ashtead Technology is committed to sustainable energy production, leveraging our core skills, knowledge and expertise to meet changing customer needs and help them succeed in their energy transition journey. With over 85% of our equipment fungible across both the traditional oil and gas sector and new energy sources, we are focused on positioning our business for the longer term, assisting in the safe and reliable extraction of natural resources whilst minimising the environmental impact and supporting the development of clean and sustainable energy solutions.

Through working closely in partnership with OEMs and through designing and assembling our own in-house product range, we are continuously developing solutions that can support energy sustainability goals.

2023 achievements:

- 50% increase in revenue from offshore renewable projects
- Renewables projects completed across 3 of our 4 regions: Europe, APAC and Americas
- Continued to develop our toolkit through innovative products both through OEM partnerships and in-house design and development
- Continued to expand our renewables customer base including direct relationships with offshore energy operators
- Increased our participation at relevant energy transition forums, events and conferences in line with our growth commitments

7 AFFORDABLE AND CLEAN ENERGY
17 PARTNERSHIPS FOR THE GOALS

Ecological impact

Protecting our planet

We play a key role in assisting our customers to inspect, maintain, repair and remove subsea infrastructure in order to reduce and proactively avoid pollution and minimise the impact on the seabed. Lowering the carbon impact from our operations as well as ensuring the efficient use of natural resources such as energy, water and raw materials, as well as reducing our waste footprint, are critical to limiting climate change and its impact.

Our Group's integrated management system is accredited to the globally recognised ISO 14001 (Environmental) and over 80% of our facilities are accredited to this standard as we demonstrate our commitment to operating in an environmentally responsible manner with the aim of reducing the environmental impact of our global footprint.

2023 achievements:

- Introduced an electric car and cycle to work scheme for UK employees
- Expanded our coverage in evaluating scope 1 & 2 greenhouse gas emissions
- Implemented environmental awareness training and roll-out of ISO 14001 certification to more sites
- Phasing out of single use plastic throughout our operations
- Minimised water usage in our everyday operations
- Working with clients and our supply chain to identify carbon reduction solutions and actively building out our seabed clearance capability to support decommissioning
- Advancement of reporting towards TCFD principles

6 CLEAN WATER AND SANITATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
14 LIFE BELOW WATER

Business ethics

Our ethical conduct

At Ashtead Technology we pride ourselves on the way we do business and are focused on always doing the right thing. We are committed to complying with applicable laws, working honestly and applying the highest standards of integrity and ethics in everything we do, treating our customers, people, partners and suppliers fairly and with respect.

We operate our business to global standards whilst adhering to local laws and regulations.

We have a zero-tolerance approach to bribery and corruption, and we want to play our part in combatting it. Our employee handbook sets out the standards we expect from our employees including providing guidance to recognise and deal with ethical issues including our whistleblower procedures. All new employees must undertake anti-bribery and corruption training as part of their induction and all employees must complete this training on an annual basis thereafter. Our updated Corporate Criminal Offence training was recently rolled out to all customer and supplier facing employees as well as finance and HR teams.

2023 achievements:

- Ongoing compliance with QCA Code
- Evolution of policies and procedures and continued best practice including hiring a Management System and Document Control Lead to ensure consistency across the Group
- Ongoing monitoring of business partners and key suppliers to ensure alignment in approach to national and international trade
- Continued 100% compliance with annual anti-bribery and corruption e-learning training and third-party diligence

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

CORPORATE SUSTAINABILITY *CONT.*

Employee health, safety and wellbeing

Our people

Health and safety has always been a top priority for Ashtead Technology and we are committed to creating, maintaining and promoting a safe, secure and healthy work environment for those that work for and with us. Over the past couple of years, we have grown our workforce substantially, increasing to over 520 people. People development and growth is therefore paramount to safeguard the wellbeing of our existing employees, as well as enabling us to attract and retain new talent. We strive to be a responsible employer and have various initiatives and programmes in place to support the personal development and wellbeing of our people.

We also have several mental health initiatives running in the business to ensure a positive environment. This includes our mental health first aiders, a cross-section of our staff who have received specialist training to better understand mental health awareness, recognise the signs and symptoms of common mental health issues, and guide fellow colleagues towards further support. Where further support is required, we will support our colleagues in receiving the specialist advice they require.

2023 achievements:

- No lost time incidents
- Grew our Group QHSE team to drive forward our strategy
- All employees globally undertook key safety e-training
- Committed to mental health first-aid training programme
- Rolled out healthcare benefits package to all UK based employees
- Increased focus on the Company safety observation card system, providing key risk insight and enabling prompt action to be taken
- Regular programme of facility HSE inspections carried out across our international operations
- Launched a Wellbeing Campaign to remind UK employees of the benefits of the Employee Assistance Programme

Labour practices and human rights

Respecting human rights

Treating our people and those that work with us fairly and with respect is fundamental to the way that we work at Ashtead Technology. We are also committed to working with suppliers and partners whose human rights standards are consistent with our own.

We are focused on hiring and retaining the best person for the job and our employee policies and procedures are designed to ensure that all our employees are treated honestly, equally and fairly both during the recruitment process and on an ongoing basis. We also have effective systems and controls in place to combat modern slavery and human trafficking and ensure it is not taking place anywhere within the Group or our associated supply chains.

Our labour practices meet the legal framework of each country in which we do business, and these are continuously reviewed and improved. Whilst regional variances around pay and benefits will always exist, we operate a global business, and we strive to treat people equally wherever they are in the world. Through our employee STAR awards, we acknowledge colleagues who go above and beyond to support their team, customers and the wider community and we truly believe our values of Agility, Collaboration and Excellence drive a positive culture of always doing the right thing and underpin our long-term sustainability as an employer.

2023 achievements:

- Appointed a new Group HR Director
- Continued with our Ashtead Technology Star Awards programme, our official employee recognition and reward scheme
- Quarterly town halls, internal webinars and regular internal communications flow to engage with our employees
- Ongoing customer and supplier engagement and monitoring to ensure best practice
- 26 different nationalities across our business
- 17% of workforce female
- Continued growth and expansion of business, offering employees opportunities for development

Supporting our communities

Local community partnerships

We have 12 facilities worldwide but undertake projects across a wide spectrum of countries and regions. The communities in which we operate are diverse and it is important to us that we are a good neighbour and treat each location with the same high level of regard and respect.

In addition to providing long-term career opportunities, we work closely with education establishments and charities in the communities in which we operate through our community support programme. This programme allows us to help build strong and lasting relationships with our local communities to protect our shared environment and improve the lives of others.

The nature of our Group operations is such that there is limited environmental impact on the communities where we are based.

2023 achievements:

- Continued to progress our science, technology, engineering and maths (STEM) community support programme
- STEM Ambassadors recruited to support engagement with local schools and colleges
- Close relationships maintained with local schools and colleges, including attendance at careers fairs
- Carried out a community engagement survey as part of our commitment to improve community involvement and engagement
- Supported various volunteering and fundraising initiatives with local charities across each of our regions

How we report

Framework/standard	What this is	Our disclosure and where to find it
Streamlined Energy and Carbon Reporting (SECR)	SECR aims to bring the benefits of carbon and energy reporting to businesses, encouraging the implementation of energy efficiency measures with both economic and environmental benefits.	We are in scope for SECR reporting for the first time in 2023 but elected to adopt early reporting in 2022. Our 2023 report and 2022 comparatives are shown further in this section of our Annual Report.
Task Force on Climate-Related Financial Disclosures (TCFD)	A framework for climate-related financial disclosure that is structured around four thematic areas: governance, strategy, risk management, and metrics and targets, with a strong focus on risks and opportunities related to the transition to a low-carbon economy. For periods commencing 6 April 2022 UK specific requirements apply under the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 that broadly aligns to the TCFD recommendations.	Whilst Ashtead Technology is not yet in scope for TCFD we have elected to adopt some voluntary disclosures as we are likely to be in scope from 1 January 2024. This is covered later in this section of our Annual Report.
United Nations Sustainable Development Goals (SDG)	The SDGs comprise 17 interlinked global goals emphasising the interconnected environmental, social and economic aspects of sustainable development. 	We have identified SDGs 3, 5, 6, 7, 8, 10, 11, 12, 14, 16 and 17 as areas where we can make a positive contribution. These are covered in this section of our Annual Report.
UK Modern Slavery Act	The Act requires organisations to develop and publish a Modern Slavery Statement outlining the steps taken to combat human trafficking and modern slavery throughout their supply chain.	Our annual Modern Slavery Statement is approved by the Board and reported on our website www.ashtead-technology.com
UK Anti-Bribery Act	This requires organisations to put in place adequate procedures to prevent, monitor and risk assess bribery and corruption.	All new employees are required to undertake anti-bribery and corruption training as part of their induction with compulsory annual training for all employees thereafter.
ISO 14001	An international standard for designing and implementing an environmental management system.	Our Integrated Management System is compliant with ISO 14001, and this accreditation is in place across multiple sites.

Materiality assessment

Our sustainability commitments are guided by a materiality assessment to ensure we prioritise the risks and opportunities that are of greatest importance to our stakeholders, as well as those that have a material impact on our business.

We undertook a review of Company, sector and societal factors to determine which of these should take priority for us and from this created a list of priorities that apply to a wide range of stakeholders and have the greatest impact on our future. This is something we will continue to progress and review in 2024 to ensure relevance with industry advancements and changes in stakeholder interests.

CORPORATE SUSTAINABILITY *CONT.*

Sustainability goals for 2024

- To attract the best and most diverse talent to lead our growth journey
- Invest in learning and development to ensure a modern and transparent approach to career progression, succession planning and mobility
- Launch an employee survey to empower colleagues by elevating their voice in the business
- Continue to grow our activity in the offshore renewable energy sector
- Maintain our focus on safety and health of our employees and other stakeholders
- Roll out a global behavioural safety learning programme
- Heightened focus on quality assurance and best-in-class delivery of equipment and services
- Minimise our scope 1 and 2 GHG emissions and continue to engage with suppliers to support this
- Expand on the scope 1 and 2 GHG emissions calculations where data is available
- Undertake a renewed materiality assessment to understand stakeholder priorities
- Continue to foster a work environment that encourages incident reporting and whistleblowing
- Ongoing and robust annual anti-bribery and corruption e-learning training for all employees

Task Force on Climate-related Financial Disclosures (TCFD)

Ashtead Technology recognises climate change as one of the biggest environmental threats the world faces. As a key supplier to the energy transition, we are committed to supporting global efforts to move to cleaner, green energy solutions.

We are also committed to providing transparency to our stakeholders regarding climate-related risk and opportunities that may impact the business and how we manage those risks and opportunities.

The Group is not within the scope of TCFD reporting requirements but in line with good practice has increased its reporting in 2023 to include some of the recommendations and recommended disclosures in respect of the year ended 31 December 2023.

Climate-risk management

During 2023 our risk committee expanded its discussion to include specific climate-related risks and opportunities. Identifying, assessing and managing climate-related risks are now fully integrated into our Group's overall risk management process. Our governance arrangements and processes around risk are set out in our risk section on pages 30 to 35 of this report.

Ashtead Technology is supporting the energy transition through the equipment and services it provides to its customer base. In subsea decommissioning, we are supporting the removal of obsolete subsea infrastructure from the seabed for disposal in a safe and efficient manner at the end of its useful life. In terms of our own operations and services, these have a relatively low environmental impact, but we are actively looking at ways to minimise our environmental impact and to embed this into every aspect of the Company and its operations.

We believe that our strategy for supporting our customers in the ongoing energy transition, the fungibility of our equipment across both oil and gas and renewables, and our focus on expanding our capabilities to support late life assets and decommissioning positions us well to ensure that we remain resilient in a potentially lower-carbon environment. As such, we see climate risk as an opportunity and currently low risk for our business.

Today, the impacts of climate-related risks and opportunities and the global focus on energy transition are influencing our strategy in the following ways:

- We are committed to working with our energy customers to support them in minimising the carbon footprint of their oil and natural gas operations
- We are committed to working with our customers to help them transition their own businesses into new energy sources
- We are deploying our competencies and capabilities to support the energy-transition markets including offshore wind, hydrogen and carbon capture and storage

Our sustainability strategy has been in place since 2021 and has and will continue to evolve as we grow and as regulation and legislative requirements change.

Climate-risk

Given the fungibility of our equipment and services across both oil and gas and renewables markets, and our ambition to grow our revenues from new energy sources, we have identified no climate-related risks that are material to the business in the short to medium term.

Examples of climate-related risks and opportunities identified are included in the table on page 19.

Greenhouse gas emissions and energy use

Ashtead Technology started disclosing its Scope 1 and 2 GHG emissions in 2022 to adopt early compliance with Streamlined Energy and Carbon Reporting (SECR) legislation. In 2023 we are in scope for SECR reporting and as such have included the calculations for all our UK sites. We have also commenced monitoring of this data for other non-UK sites during 2023.

Scope

For FY2023, the scope includes scope 1 and 2 emissions from our UK operations which represents 65% of our global business. In 2022, the scope included scope 1 and 2 emissions from our UK operations which represented 59% of our global business. Reported energy consumption and associated carbon emissions include gas, electricity and heating oil consumption. Transport includes fleet fuel consumption.

Period

The reported figures cover the period from 1 January 2023 to 31 December 2023 with prior year data representing the period 1 January 2022 to 31 December 2022.

Calculation methodology

The reporting methodology utilised is the GHG Protocol Corporate Accounting and Reporting Standard, using the Operational Control approach. Energy consumption data comes from invoices and, where required, estimates. Transport data comes from fleet owned vehicle mileage records. Emission factors used to calculate UK GHG emissions come from the UK Department of Business Energy and Industrial Strategy (BEIS 2022).

Scope 1 includes direct emissions owned or controlled by Ashtead Technology and includes gas and fuel oil consumption as well as fleet-owned vehicles for the UK. Scope 2 includes emissions associated with electricity consumption and is calculated on a location-based approach. The intensity ratio chosen is calculated based on total tonnes of CO_2e emissions in the reporting period divided by the number of employees in the reporting period.

Category	Example risks	Level of risk	Potential impact and opportunities
New technologies	Deployment of disruptive new onshore energy technologies in a mass scale.	Low/Medium	Ashtead Technology's focus is offshore and therefore if there are large-scale onshore solutions to support the net zero agenda this could be detrimental to our business. It is however more likely that there will be a significant need for offshore solutions and any activity offshore would require our support.
Regulatory risk	More stringent reporting and regulatory obligations will increase compliance costs and reporting requirements and will require additional human capital to meet stakeholder expectations.	Low/Medium	Ashtead Technology is continuously monitoring regulatory and compliance changes and the relevance to our own reporting. It is expected that regulatory compliance will continue to evolve given various government and political agendas.
Physical climate risk	Increased frequency and severity of storms, extreme precipitation, storm surges, heat waves, hurricanes and other tropical storms and cyclones. Rising sea levels and rising average temperatures.	Low/Medium	Impact includes damage to property and assets and potential short-term impact on operations due to sudden weather changes. As these become more regular there may be increases to insurance premiums. We have had a long-term presence in Texas and Louisiana which periodically suffer from extreme weather events and have experience in handling these situations. Where there are short-term impacts to financials, this is generally compensated for through additional clean-up work required post storm.

Global greenhouse gas emissions and energy use data for the period 1 January 2023 to 31 December 2023

2022 data reflects UK sites: Westhill/Thainstone/Sandy/Fintray (1 month)/Kemnay (1 month)

2023 data reflects UK sites: Westhill/Thainstone/Sandy/Fintray/Turriff (1 month)

Scope 1 emissions in metric tonnes CO_2e	2023	2022
Gas consumption	30.19	26.36
Refrigerants	–	–
Fuel oil (kerosene) consumption	2.97	0.07
Diesel fuel	0.96	–
Company-owned vehicles	32.56	21.12
Total Scope 1	**66.67**	**47.55**

Scope 2 emissions in metric tonnes CO_2e		
Purchased electricity	95.67	53.41
Total Scope 2	**95.67**	**53.41**

Total tonnes CO_2e		
Total gross emissions in metric tonnes CO_2e	**162.34**	**100.96**

Underlying energy consumption (kWh)		
Gas	165,020	144,402
Kerosene	114,461	2,867
Electricity	466,757	279,336
Total energy consumption	**746,238**	**426,605**

Underlying energy consumption (kWh)		
Company owned vehicles	87,042	51,989
Total	**87,042**	**51,989**

Intensity ratio		
Tonnes CO_2e per FTE	0.39	0.57

STAKEHOLDER ENGAGEMENT

Keeping our **stakeholders informed.**

Stakeholder engagement is a central focus for the Board, impacting various aspects of our business, from customer satisfaction and employee performance to investor reputation.

By building effective relationships with our stakeholders we can continue to drive positive performance and ensure we make the right decisions to reduce risk and enhance trust.

Section 172(1) of the Companies Act 2006 provides that a director of a company must act in a way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests – below are the six key factors:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

The Group Board and senior management team know that considering all our stakeholder relationships, having proper regard to our stakeholders' interests and being aware of the external impact of our activities on the communities and environments in which we operate will ultimately drive value to our shareholders and secure our long-term success. Proactive stakeholder engagement remains a central focus for the Board, which ensures the Directors have regard to the matters set out in s172(1) (a) to (f) of the Companies Act. Our Board receives regular stakeholder insights and feedback via our Board reporting templates which enables them to place stakeholder considerations centrally in their decisions.

Employees

Why we engage

Employees are the Group's key resource and the Board is committed to providing a safe, diverse and inclusive working environment, ensuring their long-term training and development, health and wellbeing.

The Group uses employee feedback to help develop a workplace where everyone is motivated, supported and able to deliver for our customers and other stakeholders.

How we engage

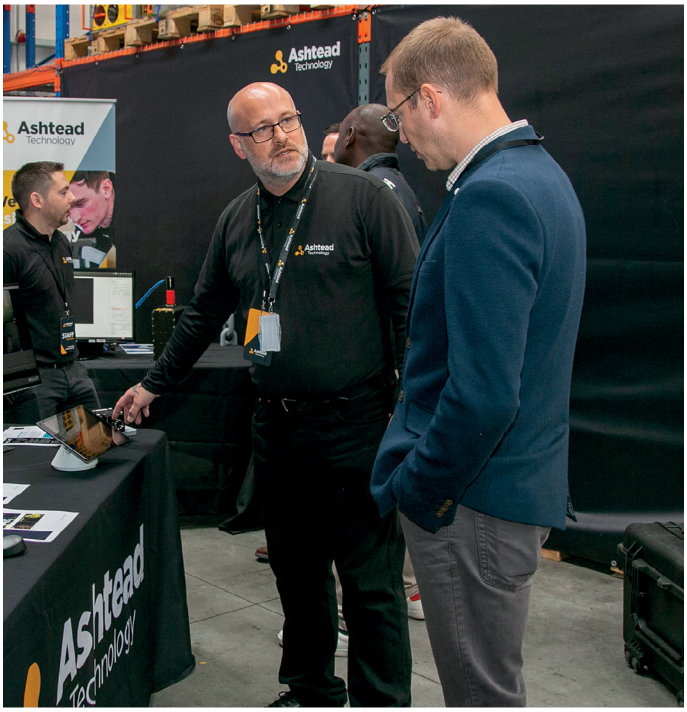
The Group operates an open-door policy and, due to the flat organisational structure, employees are encouraged at all levels to directly feedback to management. There is an open dialogue at all levels across the business. The Group operates a safety observation and opportunity for improvement programme, which actively encourages employees to report any observations, whether negative or positive. Regular business and operational update meetings and employee engagement town hall meetings provide a route for direct feedback to management. Ongoing training is provided both through on the job learning and internal/external courses which ensure employees are continuously developed and competent to undertake the tasks performed in a safe and healthy manner. The Board engages with employees throughout the year, mainly informally during site visits.

During 2023 the Group continued to host regular town hall meetings, increased engagement across the regions through various secondments, enhanced employee communication via group wide technology awareness sessions, improved the Inform employee news platform and relaunched the Ashtead Technology Star Awards.

Priorities for 2024

Our focus in 2024 is to increase our employee engagement through more regular frequency of town halls including introducing more regional specific town halls/employee forums.

The Board will also be looking to increase engagement with employees across the Group through its annual site visit.



Customers

Why we engage

Through regular engagement we are able to develop our understanding of our customers' requirements and deliver a responsive service. Listening to customers helps us satisfy their changing needs and supports them in fulfilling their obligations to their own customers.

The Group seeks feedback on a range of issues such as customer service, technical issues and commercial terms. This ongoing feedback allows the business to monitor its reputation for high standards of business, ensuring we foster long-term relationships and build trust with our customers.

How we engage

Our teams engage with customers on a regular basis in meetings, on calls, in workshops and via site visits. Through the work delivery process, communication is critical, and our teams actively engage with the customers to ensure requirements are met and they receive the appropriate level of supplier support from us.

The Group tracks feedback from customers on a regular basis and communicates this to senior management. The executive management team keeps the Board informed on customer feedback, pricing, quoting levels, asset performance and win rates as well as information on market drivers and key contracts. The Board uses this insight to make decisions that serve customers for the long term, including prioritising investment in people and equipment to support the customers' strategies and foster stronger relationships.

The Group has always aimed to have regular communication with its customers and this has been maintained through 2023. In addition to regular communication and project feedback, the Group seeks more formal feedback on an annual basis.

Priorities for 2024

We will ensure our business continues to be aligned to the requirements of our key strategic customers and to continue to do more to support them in fulfilling their own customer obligations.

Suppliers

Why we engage

The quality of our equipment rental fleet and the reliability of the service we deliver to our customers is heavily influenced by proactive engagement with critical suppliers.

The Board values the role suppliers play in delivering and supporting the delivery of the Group's operations.

How we engage

All new suppliers are screened through a vendor approval process and vendors are continuously monitored for performance across the Group. The Group collaborates and continually works with its suppliers, sharing best practice, seeking out operational synergies and technological advancements to improve performance. Engagement with suppliers is carried out by members of the senior management team, with regular feedback provided to the Board.

The Group has increased engagement with certain suppliers through 2023 given continued supply chain challenges.

Priorities for 2024

We will continue to develop strong relationships with our supply chain in order to build and maintain long-term relationships that are critical to our future growth and success.

STAKEHOLDER ENGAGEMENT *CONT.*

Shareholders and the wider investment community

Why we engage

The Group seeks shareholders who are aligned with our long-term objectives. Access to long-term capital supports our strategy and we are therefore committed to developing the understanding of our business model, strategic objectives and culture for both existing and potential investors.

We communicate with our shareholders on a regular basis and formally through our results roadshow, trading updates, Investor Relations website, and Annual General Meeting. Where requests to meet with investors are received we will make every effort to accommodate this.

How we engage

Throughout 2023, the Group has considerably increased its engagement with the investor community with the aim of ensuring that the Group's operations, financial performance and governance are clear and understood, and to provide the necessary information to ensure all investors can make informed judgements.

We undertook two investor roadshows during 2023 following our full year and half year results. In addition to one-to-one meetings with major investors, we offer group meetings where relevant, and in 2023 introduced an investor meet presentation to open this out to a wider investor base. We also try our best to accommodate meetings with existing or potential new investors and have hosted several investors in site visits throughout the year.

Our CEO and CFO have also attended various investor conferences arranged by our broker and other analysts.

Our in-person AGM was held in June and provided an opportunity for all shareholders to meet with the Board, including the Chair and the Chair of each of our committees.

We have continued to engage with a number of research analysts during the year, providing our investors with a wide range of views on our business. We seek to take on board broker, investor and analyst feedback and participate, where appropriate, in formal broker-hosted events.

Priorities for 2024

We always welcome feedback from our investor engagement which informs our shareholder communication and will continue to do this in 2024.

Our shareholder engagement calendar will remain very similar in 2024 to that in 2023 but we plan to participate in more broker-hosted events as well as out of cycle investor roadshows, including some overseas visits, in order to continue to expand our shareholder coverage.

Government and regulatory bodies

Why we engage

The Group engages with government and regulatory bodies where there is a requirement to obtain licences to operate, for example, for owning certain equipment and importing/exporting that equipment to/from certain countries. It is critical for the operation of the Group that licences are maintained allowing our business to operate and to facilitate the movement of the rental equipment fleet around the globe to satisfy customer project demand.

As a listed business it is important that we maintain a good working relationship with our regulators.

How we engage

Management engages with government bodies responsible for issuing licences in an open and honest manner. Interactions are wide ranging and include telephone calls, written correspondence and face-to-face meetings. Management keep the Board appraised of the status of licences and members of the Board are available to participate in meetings with government bodies as appropriate.

In 2023 the Company received a letter from the FRC with some queries following a review of our 2022 Annual Report. The Company handled the response in a professional, timely and transparent manner and the FRC were satisfied with the response given. More information can be found in the Audit Committee report on page 45.

Engagement with government bodies and regulators has been maintained in 2023 and has been undertaken on an as required basis.

Priorities for 2024

Our priority for 2024 is to continue to maintain appropriate dialogue with Government and regulatory bodies where required, and ensure compliance with licensing and regulations.

Community and the environment

Why we engage

The Group is an international business with operations supported from 12 service centres located in key offshore energy hubs. Being a good neighbour and making a positive contribution to the communities in which it works is critical in the Group's ongoing success.

The Group focuses on the communities geographically closest to its various locations to reinforce supportive local services. Given the range of services that the Group provides, it is ideally positioned to support its customers' projects accelerating the energy transition, and the Group is committed to playing its part in this transition.

How we engage

The Group invests in its local facilities, offering long-term, sustainable employment to people in its communities and actively engages with businesses and organisations in the vicinity of each location to discuss opportunities to collaborate. The Group has the skilled personnel and equipment to deliver solutions to support the construction, installation, maintenance and decommissioning of offshore windfarms and has continued to expand in this market through 2023 including the development of new tools to support the renewables and decommissioning markets. The Board supports the Group through the allocation of resources for this key growth market and in supporting the development of innovative solutions that can support sustainable goals.

The Group has increased its community involvement through 2023 with a particular focus on our STEM (science, technology, engineering and maths) community support programme and has continued to support a number of local charities through various volunteering and fundraising activities.

Priorities for 2024

In 2024 we will continue to support the communities we work in through volunteering, charitable donations and being a good employer and neighbour.

We also aim to continue to increase our exposure to the renewables market as we continue to support the energy transition as well as designing and developing additional technologies and services that can support seabed clearance and decommissioning.

Principal decisions made in the year

While there are circumstances where the Board engages directly with certain stakeholder groups on certain issues, the structure of the Group means that it is usually best for stakeholder engagement to take place at employee level. During the year, the Board visited all of the main operating sites in the UK, engaging with employees at three of our sites, and had full attendance at the AGM where they were available to meet with all shareholders.

Key decisions made by the Board in 2023 include:

- Further investment in senior management team with recruitment of HR Director
- Refinancing of the Group's debt facilities, increasing the RCF to £100m (plus £50m accordion) and adding two new banks
- Acquisition of ACE Winches
- Setting 3-year LTIP rules and targets
- Setting dividend policy and payment of first dividend as a listed company
- Increased investment in rental fleet to support customers' energy transition and growth plans
- Securing of premises in Stavanger to increase investment in Norwegian market
- Hiring executive search advisors to identify new Non-Executive Director

In making its decisions, the Board considers all its stakeholders. Whilst not all the decisions made are able to benefit all the Group's stakeholders at any one time, the Board is confident it reaches its decisions in a fair and consistent manner.

CHIEF FINANCIAL OFFICER'S REPORT

Continued **strong growth.**

The Group continued to perform strongly during 2023, achieving significant growth on prior year as we continued to build on the strong foundations of the business. We made good progress against all of our financial KPIs and delivered well above the expectations set at the start of the year.

Revenue

The Group delivered revenue of £110.5m in the year, an increase of 51% from £73.1m in 2022. The increase continued to come from both markets with a 50% increase in revenues from offshore renewables and 52% increase in oil and gas. Offshore renewables accounted for 31% of total revenue in 2023 (2022: 31%).

Our 51% revenue growth was derived from organic growth (35%), M&A (17%) (being the full year impact of the WeSubsea and Hiretech acquisitions completed in 2022 plus one-month trading from our most recent acquisition, ACE Winches), with a small decrease from FX rates (-1%).

If ACE Winches had been acquired on 1 January 2023 rather than 30 November 2023, full year revenue would have been £149.6m.

Gross profit

Our gross profit for the year was £86.3m (2022: £54.3m), representing a gross margin of 78.1% (2022: 74.2%). The increase in gross margin was the result of a combination of increased pricing (increased by 13%), cost utilisation (increased by 1%) and a reduction in the proportion of revenues from cross hire as a result of both acquisitions (WeSubsea and Hiretech) and capital investment.

Administration costs

Administration expenses of £55.8m (including impairment loss on trade receivables) compares to £37.4m in 2022. Excluding exceptional costs (covered below), FX and amortisation, the total overheads were £50.7m compared to £35.2m in 2022, an increase of 44%. Of the £15.5m increase, £2.0m relates to the addition of ACE Winches (one-month impact), £6.6m relates to payroll, £1.7m relates to LTIP and £3.3m relates to depreciation, with the remaining £2.0m being additional facility, insurance, legal and professional and other overhead costs associated with being a significantly larger business.

On payroll, the increase of £6.6m (34%) on prior year total cost (excluding LTIP increase of £1.7m) reflects our growing business. In addition to implemented salary increases for all employees, we increased our headcount (excluding ACE Winches) from 260 at end December 2022 to 324 by December 2023, an increase of 25%. Including ACE Winches, our headcount at the year end was 527.

Profitability

Adjusted EBITA of £36.2m compares to £19.9m in 2022 and represents a higher margin of 33% (2022: 27%), resulting in ROIC increasing to 27.6% (2022: 21.2%), significantly ahead of cost of capital. We expect EBITA margins in the medium term to be high 20%s.

Our Adjusted EBITA growth of 82% can be split as 58% from organic growth, 25% from M&A with a small decrease due to FX.

Where we have provided adjusted figures, they are after the add-back of adjusting items which, with regard to 2023, predominantly related to professional and other fees arising from the ACE acquisition.

We also incurred c. £0.3m of transaction fees (classified as 'other' in the table below) in relation to a potential acquisition which we aborted during due diligence.

Restructuring costs relate to one-off costs to remove surplus entities from our group structure. During 2023 we liquidated three entities being WeSubsea AS, WeSubsea UK Limited and Hiretech Limited and merged Aqua-Tech Solutions LLC and Alpha Subsea LLC into Ashtead Technology Offshore Inc. The trade and assets of these entities were hived up into other trading entities within the Group prior to liquidation. In addition, £0.7m external software development costs have been classed as one-off in nature.

Statutory profit before tax of £27.5m in 2023 compares to £16.3m in 2022, an increase of 69%.

Net finance expense

Net finance costs were £3.7m in 2023 compared to £1.4m in 2022, with the increase reflecting the higher net debt as a result of acquisitions completed through 2022 and 2023, all of which were funded through available RCF facilities. £0.5m of this cost related to the write off of deferred finance costs which were written off as a result of the refinancing which completed in April 2023.

Taxation

The total tax charge was £5.9m (2022: £3.9m). This equates to an effective tax rate of 21.5% compared to 24.0% in 2022. Our expectation is that the Group's effective tax rate will be close to the UK corporation tax rate, although this will be impacted by the amount of profit the Group earns in its overseas jurisdictions where, in some cases, corporation tax rates are higher or lower than those in the UK.

> **"The Board sees an opportunity to reinvest profits to expand the business both organically and through M&A.**

EPS and dividend

Adjusted EPS was 33.4 pence (2022: 19.3 pence) with statutory EPS at 27.0 pence (2022: 15.5 pence). The adjusted figures exclude the impact of adjusting items as set out in Note 28 of the accounts, foreign exchange pr ofit/loss and amortisation and the impact of the US deferred tax liability (2022 only).

The Board sees an opportunity to reinvest profits to expand the business both organically and through M&A growth. At the same time, the Board recognises the importance of dividends both to the Company's shareholders and in maintaining capital discipline. In this regard, the Board has recommended a full and final dividend of 1.1 pence per share for the year ended 31 December 2023, payable on 3 June 2024 to shareholders based on an ex-dividend date of 2 May 2024 and record date of 3 May 2024.

Cash flow and balance sheet

Cash inflow from operations was £48.8m (2022: £35.3m). The Group increased its investment in capital expenditure in the year to £19.5m (2022: £13.7m), investing predominantly in rental equipment to capitalise on the continued improvement in market conditions. As we do not invest in rental fleet for resale, and have no plans to sell assets once they reach end of life, our capital expenditure is classed as an investing activity rather than operational activity in our cash flow statement.

Cash spent on acquisitions of £51.2m was funded through our RCF facility. Acquisitions completed in the year resulted in an increase in both intangible assets (£14.6m of additions) and goodwill (£11.9m of additions).

CHIEF FINANCIAL OFFICER'S REPORT *CONT.*

Net working capital at year end represented 3.7% of actual revenues and 2.7% of proforma revenues.

Net cash flow from operating activities was £39.0m (2022: £32.1m) representing an Adjusted EBITDA to operating cash flow conversion of 81% (2022: 114%). Overall movement in cash was a positive inflow of £2.3m for the year (2022: £3.9m) with the cash balance at £10.8m at year end (2022: £9.0m).

Net debt increased from £28.7m to £61.7m as a result of the ACE Winches acquisition being funded through the RCF. This represents leverage of 1.3x at year end (2022: 1.0x). On a proforma basis, taking into account the full year impact of ACE Winches, leverage was 1.0x.

Prior year restatement

The IFRS Interpretations Committee published an agenda decision in relation to configuration and customisation expenditure relating to cloud computing arrangements, including Software as a Service (SaaS) in 2021. At the time of the decision the Group was reporting under UK GAAP and at the point of IFRS conversion the intangible balance in relation to software was immaterial. In 2023 the Group has identified an error in application of IAS 38 Intangible Assets. The correction of this error has resulted in restating £0.7m of expenditure in 2022 that was previously incorrectly capitalised as an intangible asset, and expensing this to the Consolidated Income Statement as administrative costs. There is an offsetting decrease to amortisation of £0.3m. The impact on profit before tax for the year ended 31 December 2022 is a reduction in profit before tax of £0.4m and adjusted profit before tax of £0.3m.
In addition, the opening balance sheet at 1 January 2022 has been restated to move £1.0m of net intangible assets to reserves.

Comparatives in the Strategic Report and the Financial Statements have been restated and further details are given in the Note 2.2 of the accounts.

Going concern

During 2023 the Group has continued to generate positive cash flow from operating activities with a cash and cash equivalents balance of £10.8m (2022: £9m). The Group has access to a multi-currency RCF and additional accordion facility. After a refinance which completed on 5 April 2023, the RCF and accordion facility have total commitments of £100m and £50m respectively. The Company exercised its option to extend its existing facility for a further 12 months through to April 2028, which was approved by the lenders in March 2024. The accordion facility is subject to credit approval. As at 31 December 2023 the RCF had an undrawn balance of £29.3m on the £100m facility available at that time. Refer to Note 17 of the accounts for details on the available facilities.

The Facility Agreement is subject to a leverage covenant of 3.0x and an interest cover covenant of 4:1, which are both to be tested on a quarterly basis. Definitions for these covenants are included on page 111. The Group has complied with all covenants from entering the Facility Agreement until the date of these financial statements.

The 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, overheads, collection and payment terms, capex requirements and the payment of interest and capital on its existing debt facilities. Consideration is also given to the availability of bank facilities.

In preparing these forecasts, the Directors have considered the principal risks and uncertainties to which the business is exposed.

The Directors perform sensitivity analysis on the going concern assumption to determine whether plausible downside scenarios would have a material impact. Forecasts were flexed to incorporate a 5% downturn in forecast performance in the year ending 31 December 2024 and a 10% downturn in forecast performance in the year ending 31 December 2025. Under this downside scenario the peak funding requirement over the forecast period would leave £96m headroom in the available facilities with no threat to breach of covenants.

Taking account of reasonable changes in trading performance and bank facilities available, the application of severe but plausible downside scenarios to the forecasts, the cash forecasts prepared by management and reviewed by the Directors indicate that the Group is cash generative and has adequate financial resources to continue to trade for the foreseeable future and meet its obligations as they fall due.

Reconciliation of adjusted and reported IFRS results

The Group uses certain measures that it believes assist a reader of the Annual Report in understanding the business. These alternative performance measures (APMs) are not defined under IFRS and, therefore, may not be directly comparable with adjusted measures presented by other companies. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance. However, they are considered by management to be important measures used in the business for assessing performance.

In establishing Adjusted EBITDA, Adjusted EBITA and Adjusted Profit After Tax (used for Adjusted EPS calculation), the Group has added back various costs, deemed to be one-off in nature, which in 2023 predominantly relate to acquisitions completed during the period and/or one-off restructuring costs. In addition, amortisation of intangible assets is adjusted for in some of the APMs as we are aware that certain analysts and investors treat this differently in their analysis and this therefore allows a consistency of approach. The definitions can be found in the definitions section of the Annual Report and reconciliation to GAAP metrics included in Note 28 to the accounts.

Ingrid Stewart

Ingrid Stewart

Chief Financial Officer

15 April 2024

Table A – Results reconciliation/Adjusted figures

Results reconciliation £000	Adjusted	Amortisation	FX	Acquisition costs	Restructuring costs	Software costs	Deferred finance costs	Other**	Reported
Revenue	110,466	–	–	–	–	–	–	–	110,466
Gross profit	86,298	–	–	–	–	–	–	–	86,298
Administrative expenses*	(52,209)	–	(229)	2,533	216	683	–	380	(55,792)
Other operating income	704	–	–	–	–	–	–	–	704
Operating profit	34,793	–	(229)	2,533	216	683	–	380	31,210
Depreciation	12,029	–	–	–	–	–	–	–	12,029
Amortisation	1,431	–	–	–	–	–	–	–	1,431
EBITDA	48,253	–	(229)	2,533	216	683	–	380	44,670
Depreciation	(12,029)	–	–	–	–	–	–	–	(12,029)
EBITA	36,224	–	(229)	2,533	216	683	–	380	32,641
Amortisation	–	1,431	–	–	–	–	–	–	(1,431)
Finance cost (net)	(3,195)	–	–	–	–	–	522	–	(3,717)
Profit before tax	33,029	1,431	(229)	2,533	216	683	522	380	27,493
Tax	(6,365)	–	–	–	(54)	(171)	(131)	(95)	(5,914)
Profit after tax	26,664	1,431	(229)	2,533	162	512	392	285	21,579

* Includes impairment loss on trade receivables.

** Other includes £0.3m of transaction fees relating to an aborted acquisition.

KEY PERFORMANCE INDICATORS

Measuring **our success.**

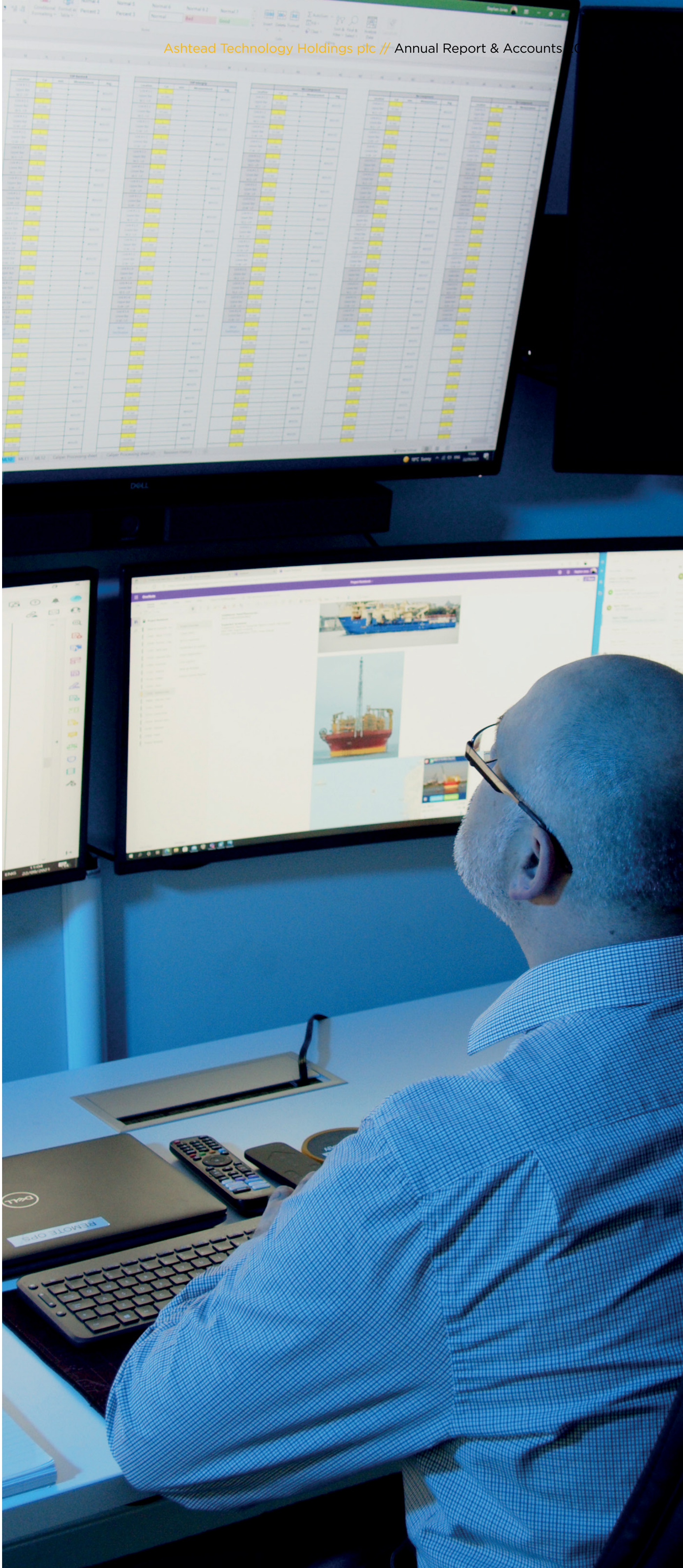
The Group uses a range of financial and non-financial KPIs to measure strategic performance. The business has continued to make considerable progress in 2023.

Operational highlights:

- Zero lost time incidents, keeping our employees safe
- Successful integration of WeSubsea and Hiretech businesses into the Group
- Completion of ACE Winches acquisition, further increasing the breadth and depth of our offering to our customers
- Delivering multiple cross-service projects, demonstrating our One Ashtead Technology approach
- Continued investment in the senior leadership team and increased focus on recruitment and retention with the appointment of our first HR Director
- Increased global headcount from 260 to 527 through both organic growth (64) and acquisition (203)
- £19.5m capital expenditure of which £19.1m was in the rental fleet
- Continued support to the energy transition with 50% growth in revenues from the renewables market
- Increased banking facility to £100m plus £50m accordion with two additional banks added to our lender group
- Continued to broaden shareholder register

Alternative Profit Measures are used for KPI calculations. See **Note 28 of the financial statements** for calculation of Adjusted EBITDA, Adjusted EBITA and Adjusted Profit After Tax

Definitions can be found on **page 111**



We have continued to develop and add new equipment and services to our offering through 2023, building on our customer relationships and creating a unique set of services to support our customers' critical operations.

Adjusted EBITA (£m)

£36.2m

2023	£36.2m
2022	£19.9m

Commentary

Adjusted EBITA excludes exceptional costs and FX profits/losses. This is a key metric used by analysts and investors in measuring our performance. 82% growth in Adjusted EBITA driven by top line revenue growth. By using adjusted figures there is a more direct comparison to prior year.

Adjusted EBITA margin (£m)

32.8%

2023	32.8%
2022	£27.1%

Commentary

32.8% adjusted EBITA margin ahead of expectations due to higher than forecast activity. By using Adjusted EBITA we can measure this on a consistent basis year on year.

Revenue (£m)

£110.5m

2023	£110.5m
2022	£73.1m

Commentary

Growth of 51%, split 17% from M&A and 35% from organic growth with a small negative impact from FX.

Adjusted profit before tax* (£m)

£33.0m

2023	£33.0m
2022	£18.4m

Commentary

Profit before tax is seen as a key financial metric to determine financial success. The Group uses Adjusted profit before tax so as to normalise for any adjusting items which may make comparison with previous years challenging. Significant increase in adjusted profit before tax.

Adjusted earnings per share (p)

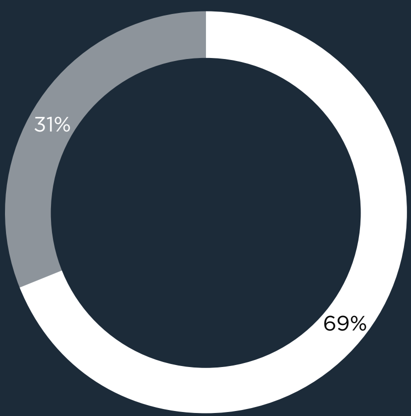
33.4p

2023	33.4p
2022	19.3p

Commentary

Adjusted EPS is used as a measure of Group performance prior to any adjusting costs. This is also the measure used to determine LTIP vesting. 73% increase in adjusted EPS throughout the year.

Revenue by market (%)



● Oil and gas ● Renewables

69% (2022: 69%)

31% (2022: 31%)

Commentary

This is measured as an indicator of progress in increasing support to the renewables sector in line with our strategy of supporting the energy transition. 2023 saw 50% growth in renewables revenue and 52% growth in oil and gas.

Leverage (x)

1.3x

2023	1.3x
2022	1.0x

Commentary

Leverage is a key metric to determine capital discipline. Leverage remained within our target range at 1.3x with the increase due to funding the ACE Winches acquisition through the RCF. 1.0x on a proforma basis taking into account full year EBITDA for ACE Winches.

Return on Invested Capital (ROIC) (%)

28%

2023	28%
2022	21%

Commentary

ROIC is a useful indicator to ensure capital (being debt and equity) is invested appropriately. 2023 ROIC at 28% is significantly ahead of our targets and cost of capital.

Cost utilisation (%)

45%

2023	45%
2022	44%

Commentary

Utilisation improvements reflect continued increase in market activity. Cost utilisation is a useful indicator of performance of the equipment fleet and is calculated as the cost of rental equipment on hire divided by the total cost of the rental equipment owned.

Total Recordable Incident Rate (TRIR)**

0.0

2023	0.0
2022	0.48

Commentary

TRIR is an industry recognised metric. The Group had no recordable incidents in the year resulting in a TRIR of 0.0.

* Non-GAAP metric (see definitions on page 111).

** Non-financial KPI.

RISK MANAGEMENT AND BOARD APPROVAL FOR THE STRATEGIC REPORT

Risk **management.**

The Board has collective responsibility for determining the Group's risk management framework. This framework, the Group's risk culture, its compliance focus and internal controls, supported by the Audit Committee, give the Board assurance that risks are being appropriately identified and managed in line with its risk appetite.

Risk is defined as anything which is a threat to Ashtead Technology, our operations and our workforce, or would prevent the business from achieving its objectives. These include commercial, personnel, asset & systems, financial & credit, sustainability and legal & compliance risks.

The risk management framework plays a crucial role in ensuring our financial stability and focus on Group performance. Continual identification and monitoring of risk is performed to accomplish the following broad objectives:

- **Accountability** – a proactive approach to risk mitigation through clearly defined roles and responsibilities
- **Transparency** – clear and understandable standards around the acceptance of risk in the business
- **Protection/Security** – protection of personnel and the environment, and security of our finances and facilities
- **Compliance** – compliance with applicable laws, regulations, industry standards, customer requirements and organisational policies

Given the relatively common market dynamics across our international business, risk is assessed at Group level with any specific mitigation elements effected at either Group or regional level as appropriate.

Risk operating model

Our risk operating model focuses on four key components which allows us to effectively identify, measure, manage and report the external and internal risks in our business.

1. Risk identification

The internal Risk Management Committee meets quarterly to identify the principal and emerging risks facing the Group. The internal Risk Management Committee consists of the CEO, CFO, CTO, Operations Director, Commercial Director, HR Director, Regional Directors, Service Line Directors and QHSE Director, representing a wide spectrum of the business.

2. Measurement & evaluation

All identified risks are measured and evaluated through a risk register in order to determine potential severity and probability. Each risk is weighted according to its probability, financial impact and reputational impact.

3. Risk management

The internal Risk Management Committee identifies mitigating actions for each risk, based on an assessment of the effectiveness of the existing control environment. Where appropriate, changes to the control environment are identified and implemented.

4. Risk reporting

The Corporate Risk Register is shared and discussed with the Board at least annually and the principal risks, which are identified as potentially having the highest impact on the Group, are discussed regularly in Board meetings.

The CFO is responsible for ensuring any actions raised by the internal Risk Management Committee are followed up in a timely manner.

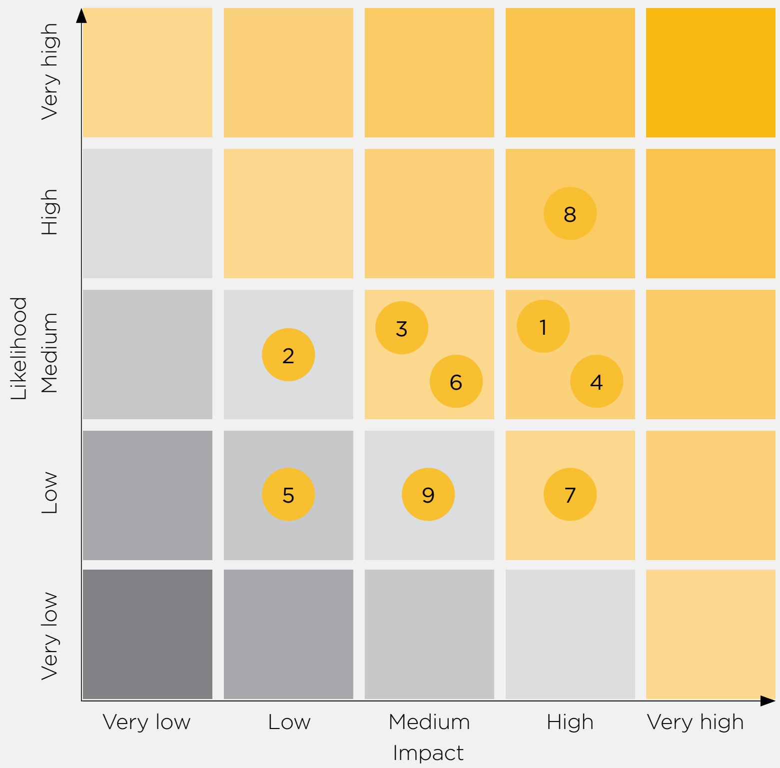
Outside of the defined reporting schedule, any changes to risk which have an expected >10% impact on forecast EBITDA for the year are immediately reported to the Board of Directors.

Principal risks and uncertainties

Principal risks are those risks that, given the Group's current position, could materially threaten its business model, future performance, prospects, solvency, liquidity, reputation, or prevent the Group from delivering its strategic objectives.

The principal risks and uncertainties identified are detailed in this section with a matrix showing likelihood and impact, details of developments through the year and risk trend in comparison to the prior period. Additional risks and uncertainties that the Group is unaware of, or currently deems immaterial, may in the future have a material adverse effect on the Group's reputation, operations, financial performance or position.

Risk heat map – likelihood and impact



1. Macro-economic environment
2. Supply chain challenges
3. Retaining & attracting key personnel
4. Reliance on IT systems & potential breach of security or cyber-attack
5. Loss of a major customer
6. Health, safety & environment
7. Compliance & ethics
8. Geopolitical tensions
9. Equipment design, assembly & management

RISK MANAGEMENT AND BOARD APPROVAL FOR THE STRATEGIC REPORT *CONT.*

Key

- Increased
- Reduced
- No change

Risk	Macro-economic environment	Supply chain challenges
Description	The Group's business depends on the level of activity in the offshore oil and gas and renewable energy industries. Activity can be impacted by such things as global economic downturns, changes in energy transition agendas, availability of alternative energy sources, regulatory regimes, changes to customer vessel schedules, oil and gas prices and weather.	The Group must incur ongoing capital and operating expenditures on its equipment rental fleet to remain competitive and provide quality, reliable equipment. A significant period of interruption affecting elements of our supply chain arising from factors such as pandemics, financial uncertainty, civil unrest, war or other unforeseen external factors would have an impact on our ability to either service our customers or restrict our growth. In addition, general inflation and unexpected increases in supply chain pricing could result in lower profits and higher capex costs.
Example mitigating actions	Adding additional services to our offering increases the stickiness with our customers, coupled with increased geographical diversification which can help offset regional seasonal variations. Increased exposure to offshore renewables and oil and gas decommissioning activities creates a natural hedge against declining oil and gas activity.	We continued to maintain close dialogue with key suppliers with capex orders placed early to ensure delivery in time for our busiest period. Preferential supply agreements are in place with various suppliers and we have sought alternative suppliers for key items where we felt we needed additional options. We have also continued to increase the stock holding of critical spares during the year.
Change in the year	Increased investment in the offshore renewables sector globally, particularly across Europe, Asia and US, is driving market expansion. Development of new technologies and solutions. Increased exposure to offshore renewables with revenues generated from offshore wind increasing by 50% on prior year.	Supply issues eased slightly during 2023 but global shortages of critical parts remains an issue for some equipment retaining some supply tightness in the market. Inflationary cost continued but increases were covered through pricing increases. Supply chain issues continued to increase customers' propensity to rent rather than purchase capital equipment.
Risk trend[1]	No change	Reduced

[1] Risk trend is based on the risk position currently compared to the prior year reporting date as assessed by the internal Risk Management Committee.

Risk	Retaining & attracting key personnel	Reliance on IT systems & potential breach of security or cyber-attack	Loss of a major customer
Description	Attraction and retention of experienced and skilled personnel is critical in achieving the organic growth plans set out for our business. 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.	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. The Group's IT platforms and infrastructure are critical to its effective operation and the Group has a continual IT improvement programme in place. A prolonged unavailability or disruption of IT systems would impact the Group's ability to operate effectively. The risks associated with cyber incidents and attacks to the Group's Information Technology systems could include disruptions to the supply of products and services to its 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 cyber security events.	Ashtead Technology's strategy is built around doing more for its customer base. We continue to grow our customers as well as grow with our customers. Around 55% of revenues within the Group come from our top 10 customers. If we are unable to maintain strong relationships with this core group of customers or fail 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. In addition, if any of our key customers suffer cash flow or credit issues, this could have a negative impact on Ashtead Technology's cash flow due to the inability of its customers to pay monies due to the Group. An increase in market activity is resulting in higher working capital requirements for customers resulting in some customers retaining cash and slowing debtor payments.
Example mitigating actions	We value our people and are committed to continually develop and invest in our workforce. In order to increase focus on this, through 2023 we recruited our first HR Director and have further bolstered the HR team with a full-time recruiter. The Group utilises medium-term forecasts to assess resource requirements, allowing time to properly resource the organisation. Attrition rates by site and geography are monitored monthly and any trends identified and followed up. The Group is constantly monitoring its remuneration packages to maintain competitiveness.	The Group has an experienced CTO who is supported by both in-house and external resource. The Group recognises the increased frequency of cyber security threats and events and takes this risk seriously. Alongside expert partners, the IT team is continuously reviewing the threat profile and establishing mitigations to minimise risk. The business is registered with the UK National Cyber Security Centre, has proactive threat monitoring services conducted via external agencies, and has cyber insurance in place. The Group has an IT disaster recovery plan in place which is regularly reviewed and tested.	The Group maintains regular dialogue with its key customers. Customer relationships are considered critical to the Group's success and are managed across multiple touch points. The Group sets processes and procedures based on industry benchmarks in order to minimise risk of providing poor quality products and services. The Group works to mitigate customer payment issues through its contractual terms, continuously assessing the creditworthiness of its customer and supplier base, and monitoring debtors and cash flow on a daily basis.
Change in the year	Pay increases implemented, addressing improvement in market conditions. Recruitment of HR Director and increased HR resource within the Group. Continued to improve on internal communication via town halls, internal newsletters and webinars. Maintained our increased recruitment referral fee for employees.	The Group has continued to invest in its IT systems through 2023. The Group continued to improve on its cyber-attack defence including ongoing phishing tests, vulnerability scanning, ransomware mitigation and monitoring of users. Upgraded cyber security training was launched through 2023.	The relationship with the majority of our largest customers extends beyond 10 years or more. We ensure multiple touch points across all customers and continue to maintain regular contact, often daily. Through our dialogue we can better understand our customers' ambitions and concerns, and assist them in the delivery of projects. Where necessary the Group exercises a range of options to mitigate against credit risk including non-supply and debt collection measures.
Risk trend[1]			

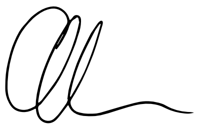
RISK MANAGEMENT AND BOARD APPROVAL FOR THE STRATEGIC REPORT *CONT.*

Risk	Health, safety & environment	Compliance & ethics	Geopolitical tensions
Description	A failure to manage health, safety and environmental risk could result in personal or environmental harm and lead to operational loss, regulatory, legal or financial penalties and/or reputational loss. The Group's projects predominantly take place offshore and in some cases can be complex, and performed in remote environments and varied sea conditions. 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. In addition, onshore operations involving the assembly of equipment can involve heavy lifts and the use of heavy machinery which is inherently risky. The continuous monitoring and management of health, safety, security, environmental and quality risk associated with working in these environments is critical.	The Group is committed to conducting business in accordance with applicable laws and the highest ethical standards. However, there is a risk that its employees, representatives or other persons associated with it may take actions that breach the Group's internal compliance policies, or applicable laws, including but not limited to anti-bribery or anti-corruption. Certain equipment used by the Group is 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. 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.	2022 saw Russia's invasion of Ukraine which resulted in an increased focus on energy sustainability and affordability and an increase in activity in oil and gas markets. This conflict has continued into 2023 and geopolitical tensions have continued to rise through 2023. We continue to see significant investment in offshore renewables globally but there continues to be a resurgence in oil and gas activity as a result of the need for affordable and secure energy sources. Whilst this may slow the progress in growth in renewables, it does not change the strategy to expand our proportion of revenues from offshore renewables in the medium to long term.
Example mitigating actions	The Group monitors QHSE statistics on an ongoing basis. There were no recordable incidents in the Group in 2023 resulting in a TRIR at year end of nil. ISO 9001, 14001 and 45001 accreditation is in place. The Group has its own competency programme to ensure that all of its technical personnel are properly trained for the tasks they undertake either within the Group's premises or on customers' operational sites both onshore and offshore. The Group also maintains insurances including (i) marine insurance for physical damage to its equipment rental fleet, (ii) employer's and general liability insurance and (iii) property insurance.	The Group has an internal control programme in place to manage sanctions and export control risk. All appropriate personnel receive annual training covering our export compliance and anti-bribery and corruption policies. Personnel responsible for processing transactions involving items covered by international trade sanctions and export-related laws and regulations are provided with specific training for the tasks performed. The Group maintains comprehensive logs and registers of such equipment's intended use and location, only transacts with reputable customers, and seeks to adhere to all applicable relevant licence terms.	The fungibility of Ashtead Technology's equipment and services positions it well to support both markets. Whilst the future remains in renewables, there is evidence that the strong bounce back in oil and gas will be maintained over the medium term.
Change in the year	No recordable incidents and TRIR of nil at year end. All ISO 9001, 14001 and 45001 audits passed in year. Increase in mechanical services including ACE Winches increases risk profile of the business therefore we have focused on increasing behavioural safety awareness and quality as a mindset.	Continued 100% compliance to anti-bribery and sanctions training. Commercial principles rolled out to ensure any compliance risks are managed from a commercial perspective and expert support sought as appropriate. Ongoing review and evaluation of business risk.	Continued to focus on long-term strategy, monitoring of market conditions and investing in both organic and inorganic opportunities to position the business to further support the energy transition.
Risk trend[1]			

Risk	Equipment design, assembly & management
Description	With its recent acquisitions Ashtead Technology is increasing its capability to design and assemble its own equipment (predominantly mechanical). Critical to this is ensuring that proper risk assessment is carried out, designs comply with applicable legislation, standards and industry guidelines and proper process is followed to ensure that the in-house designed and built equipment is suitable for the rental pool and can generate adequate returns. In addition, as an equipment rental business, it is critical that Ashtead Technology ensures it has strong asset management capability, ensuring inspection and maintenance times are minimised and assets are kept in rental-ready condition.
Example mitigating actions	Ashtead Technology monitors its fleet through its ERP system. Fleet availability is visible globally allowing access to move equipment around the regions to maximise utilisation. Inspection and maintenance days are monitored daily through Power BI and any non-compliance flagged. ISO 9001 accreditation is in place and being followed across all sites. Full design and FAT process already in place which will be enhanced further through adoption of ACE Winches more advanced processes and procedures.
Change in the year	Acquisition of ACE Winches brings strength and depth to the in-house design capability and through the integration Ashtead Technology is adopting ACE's standard processes and procedures to replace its own. Inspection and maintenance times improved through the year. Senior technician appointed in global role to ensure consistency of practices across all regions. Management System and Document Control Lead appointed to ensure consistency of practices and documentation.
Risk trend[1]	

Board approval of Strategic Report

The Strategic Report, which includes the Chairman's Statement, the Chief Executive Officer's Statement, the Investment Case, Our Strategy, Chief Financial Officer's Report, Key Performance Indicators and Risk Management (covering the principal risks and uncertainties of the Group), was approved by the Board and signed on its behalf by



Allan Pirie

Chief Executive Officer

15 April 2024

BOARD OF DIRECTORS

Leading with **experience.**

The Board of Directors currently consists of two Executive Directors and four Independent Non-Executive Directors.

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

A highly experienced chairman, Bill has held plc board roles for over 29 years 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 previously 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.

Bill has served as an Ashtead Technology Board member since November 2021.

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 joined Ashtead Technology as Chief Financial Officer in 2009 before becoming Chief Executive Officer in 2012. A qualified Chartered Accountant (Scotland), Allan has over 28 years' experience in the offshore energy industry having held previous roles as Chief Financial Officer at Triton Group, Commercial Director at Viking Offshore Services, Business Strategy Manager at ASCO and with KPMG in Aberdeen. Allan has served on the Board of the Ashtead Technology group of companies since 2009.

Ingrid Stewart

Chief Financial Officer

Skills

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

Experience

Ingrid joined the Group as Chief Financial Officer in January 2021 and has over 26 years of experience in the offshore energy industry. 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). Ingrid joined the Board of the Ashtead Technology group of companies in January 2021.

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

Having spent his entire career in the renewables sector, Thomas brings over 24 years of experience in the wind sector to the Ashtead Technology Board. Since April 2022 Thomas has served 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. Thomas joined the Board in November 2021.

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 has over 35 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. Tony has been a member of the Board since November 2021.

Jean Cahuzac

Independent Non-Executive Director

Committees

A R N

Skills

- Deep understanding of offshore and subsea markets, both in oil and gas, and renewables
- Extensive plc board experience
- Deep understanding of investor sentiment
- Sound practical understanding of business risk

Experience

Jean has held senior executive roles in the subsea services sector spanning a period of 40 years. He was appointed Chief Executive Officer of Acergy S.A. in 2008 and in 2011, post-merger, became the Chief Executive Officer of Subsea 7 S.A. Previously, Jean held senior executive roles in Transocean and Schlumberger Sedco Forex.

Since retiring from Subsea 7 as the CEO he has remained on its board as a non-executive director; he also holds non-executive board positions in Bourbon and Seadrill and serves as Chair of Evolen.

Jean was appointed to the Board on 20 March 2024.

Committee membership key

A Audit Committee

R Remuneration Committee

N Nomination Committee

Roles and responsibilities

Remuneration Committee

- Determines Directors' and senior management remuneration strategy and policy
- Oversees the implementation of our Remuneration Policy
- Reviews workforce remuneration, related policies and the alignment of incentives and rewards with culture

Read more on **page 47**

Audit Committee

- Promotes governance and our risk management framework
- Ensures the accuracy of our financial reporting
- Monitors the external auditor

Read more on **page 42**

Nomination Committee

- Recommends to the Board executive and non-executive appointments and succession planning
- Promotes employee engagement and diversity

Read more on **page 46**

Joe Connolly, a partner at private equity firm Buckthorn Partners, served on the Board of the Ashtead Technology group of companies from 2016 until his resignation in December 2023. Buckthorn, along with its co-investors, was previously majority shareholder in Ashtead Technology. Joe attended five Board meetings through 2023 but was temporarily excluded in October 2023 as a result of a potential conflict of interest. Joe was not considered independent given his link to the previous majority shareholder. Joe resigned in order to concentrate on other Buckthorn interests.

We were delighted to welcome Jean Cahuzac to the Board in March 2024. Jean brings extensive plc experience alongside a deep understanding of the subsea market and energy transition. Jean has also joined each of the Remuneration, Audit and Nomination Committees as a member.

CHAIRMAN'S INTRODUCTION

Committed to **high standards of governance.**

As Chairman of the Board, I am responsible for ensuring high standards of corporate governance and that a robust framework is in place to achieve successful delivery of our long-term strategy. Our clear governance structure ensures sound decision making, focused on long-term value creation, and is centred around the QCA Corporate Governance Code 2018 for small and mid-size quoted companies. The Board is focused on delivering shareholder value and meeting stakeholder expectations around leadership and oversight and ensures that both it and the business act responsibly in decisions, risk management and delivery of objectives in line with both our long-term strategy and our Company values. This section of the Annual Report outlines how we apply the principles of the QCA Code. There are no governance structures or practices that deviate from the QCA. We are aware that a revised QCA Code was published in 2023 and we will implement changes as appropriate going forward.

Our Group values reflect our corporate governance strategy by highlighting our culture of Agility, Collaboration and Excellence.

At Ashtead Technology we believe in doing the right thing, all of the time.

Board structure and composition

Our Board of Directors is set out on pages 36 to 37. Our Board composition remained unchanged throughout the majority of 2023 until Joe Connolly's resignation in December. Joe had served on the Ashtead Technology Board since 2016 and prior to IPO was the elected representative of our previous largest shareholders, Buckthorn Partners and APICORP. Joe's resignation followed the exit of Buckthorn Partners from the shareholder register in May 2023 to focus on his Buckthorn Partners interests.

In March 2024 we welcomed Jean Cahuzac to the Board. As a result, the Board currently comprises six Directors, consisting of two Executive Directors and four Independent Non-Executive Directors.

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 believes that it currently has a desirable range of different skills, experiences and backgrounds, further details of which can be found in the Board biographies on pages 36 to 37.

Leadership

My role as Chairman of the Board is separate to, and independent of, that of the CEO and each of us has clearly defined responsibilities.

The day-to-day responsibilities for the running of each of our Group companies is delegated to the executive and senior management. However, there are a number of matters where, because of their importance to the Group, it is considered appropriate to have enhanced oversight from the Board.

The Board therefore has a documented formal schedule of matters reserved for its approval, which is reviewed annually. This includes matters relating to:

- The Group's strategic aims and objectives
- The structure and capital of the Group
- Financial reporting, financial controls and dividend policy
- Internal controls, risk and the Group's risk appetite
- The approval of unusual and/or significant capital expenditures or disposals
- Effective communication with shareholders
- Any changes to Board membership or structure

There have been no changes to governance procedures during the year.

Risk management

All of the Board's decisions are discussed within the context of the risks involved. Effective risk management is central to achieving our strategic objectives and further details of the Group's internal process of managing risk are set out on pages 30 to 35.

Stakeholder engagement

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 as required. A key focus of the QCA Code is the requirement for detailed expositions on stakeholder engagement and how the Directors have considered and applied their duties under s.172 of the Companies Act 2006. Our statements on these topics are detailed on pages 20 to 23.

Annual General Meeting

The Annual General Meeting of the Company will take place on 30 May 2024. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting will be posted to shareholders within the appropriate timeframe and included on our website.

Bill Shannon

Chair of the Board

15 April 2024

CORPORATE GOVERNANCE STATEMENT

Focused on effective corporate governance.

The Ashtead Technology Board is committed to effective corporate governance. In this section we set 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 long-term shareholder value

Our Board recognises the important role a robust governance framework plays in the successful delivery of our long-term strategy. A key role of our Board is to set and monitor the implementation of our Group strategy. This includes support and constructive challenge to executive management and the senior leadership team on how key decisions will deliver long-term shareholder value.

Our Group strategy is based on doing more for our customers through:

- Investing in fungible equipment that can support the fast-moving energy transition whilst being mindful of the global need for energy security and affordability
- 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
- Leveraging Ashtead Technology's global footprint
- Augmenting organic growth through a clear and focused merger and acquisition strategy

The Board visited Ashtead Technology's headquarters over two days in May 2023 including site visits to all of the operational facilities located within Aberdeenshire. During this visit the Board met with key members of the senior leadership team both as a group and individually as part of its review of the ongoing vision for the Group, its direction and strategic priorities.

We have continued to make good progress on our strategy through 2023, as noted in our Chairman, CEO and CFO reports, and remain focused on continued delivery through 2024 and beyond.

More detail on our strategy can be found on page 5.

Our corporate culture

Ashtead Technology's culture is based around always doing the right thing and is embedded in our three core values ; Agility, Collaboration, Excellence.

On all of the Board's visits to the Company, the one thing that always strikes us is the passion and enthusiasm that emanates across all parts of the business and the feedback is consistent from other stakeholders who visit.

As a service company it is imperative that we embed a culture of wanting to do our best and this is consistently reinforced by the leadership team.

Meeting stakeholder needs and expectations

We consider our key stakeholders to be our employees, customers, suppliers, shareholders and the wider investment community, and government and regulatory bodies. Our s.172 statement and commentary on our stakeholder engagement can be found on page 20 of this report.

We are committed to engaging with our shareholders to ensure their needs and expectations are understood and our strategy and business model are clearly articulated. We have engaged with our investors at multiple points during the year, supplementing our full and half year road shows with adhoc investor calls, site visits and meetings held outside of the reporting cycle where availability and regulation allow. The Annual General Meeting is also an opportunity for the Company's Directors to meet with shareholders and address shareholders' questions. Investor presentations can be found on the Company's website.

Executive management provide regular updates on stakeholder engagement to the Board, including providing the Non-Executive Directors with all reports and feedback issued by analysts and brokers to support their understanding of the Group by the investment community.

Social and environmental responsibilities

As a Board of an AIM listed company we are fully aware of our social and environmental responsibilities. Our success is dependent on us acting responsibly at all times and this is embedded in our corporate values. We are focused on providing our employees a safe environment in which to work, protecting the environment and supporting our local communities.

Please refer to our Corporate Sustainability section on pages 14 to 19.

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 30 to 35.

Our internal Risk Management Committee has continued to meet quarterly, ensuring 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.

The Audit Committee has responsibility for reviewing the effectiveness of the Group's internal controls as set out in pages 42 to 45 and reports directly to the Board on these matters. The Audit Committee reviews and challenges the output from the internal Risk Management Committee at least once a year.

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 this 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

Our Board composition remained unchanged throughout most of the financial year.

QCA CODE VERIFIED VERSION ESTABLISHED 2013

CORPORATE GOVERNANCE STATEMENT *CONT.*

The Board currently comprises six Directors consisting of two Executive Directors and four Independent Non-Executive Directors. One additional Non-Independent Non-Executive Director (Joe Connolly) served on the Board until December 2023. Joe had served on the Board of our group of companies since 2016 as an elected representative of our previous largest shareholder, Buckthorn Partners, and remained on the Board post IPO. With Buckthorn and APICORP having sold their final shareholding during 2023, Joe has left the Board to focus on other Buckthorn Partners interests.

We were delighted to welcome Jean Cahuzac to the Board on 20 March 2024.

The Board aims to meet at least six times a year with seven Board meetings held during 2023 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 meetings are open and constructive, with every Director participating fully. All Directors attended all Board meetings with the exception of Joe Connolly who was temporarily excused for two of the meetings due to a potential conflict of interest prior to his resignation in December. As Jean Cahuzac was only appointed in March 2024 he did not attend any Board meetings in 2023.

The Board is satisfied that it 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.

Maintaining appropriate governance structure

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 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 Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out in the relevant sections of this report. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. These are reviewed regularly by the Board to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. 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 auditor 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 a 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 a 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 Group's growth and development.

Ensuring that the Directors have the necessary and up-to-date experience, skills and capabilities

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 believes that it currently has a desirable range of different skills, experiences and backgrounds. Biographies of the current Board of Directors can be found on pages 36 to 37.

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. It is our intention that the individual or individuals we recruit as additional Non-Executive Directors bring some additional skills to the Board, including wider industry knowledge and/or additional diversity.

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

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

Our Annual Report includes an Audit Committee report which can be found in pages 42 to 45, a Nomination Committee report on page 46, and a Remuneration Committee report in pages 47 to 50.

Evaluation of Board performance

The Nomination Committee is responsible for reviewing the composition of the Board as required under QCA Code point 7, including evaluating the skills, knowledge and experience of Board members. The Committee seeks to take into account any Board imbalances for future nominations.

In preparation for commencing the recruitment process for a new Independent Non-Executive Director, the Chair, and our executive search consultants obtained feedback on the effectiveness of the Board from each member through individual meetings as well as via a wider Board discussion, using a skills matrix to understand any gaps that could be filled with the appointment. The feedback from this review was discussed by the Nomination Committee in December 2023. The review confirmed that the Board has an appropriate mix of skills that provide a sufficient mix of governance, strategy, financial and industry knowledge, being the key criteria required. The Chair also confirmed that the performance of each of the Non-Executive Directors continues to be effective and each demonstrates commitment to their role, providing distinct and valuable input to the overall operation of the Board. No training activities or requirements were identified.

A Board effectiveness review was undertaken by the Chair in Q1 2024, the result of which was to spend more time on succession planning, sustainability, and people matters. The Chairman and CEO have met to take these items forward and there is a plan in place for the Board to discuss such matters in 2024. A Chair review was also undertaken by the Chair of the Audit and Remuneration Committees in Q1 2024 with no issues identified.

The Nomination Committee will meet again during 2024.

Establishing a Remuneration Policy based on clear and relevant objectives, seeking continuous improvement

The Remuneration Committee report can be found on pages 47 to 50. As part of the remuneration discussions in relation to the Executive Directors, it was noted that there was a need to align the remuneration policies with the market with a forward-looking view on some of the recommendations in the updated QCA Code and other regulatory reviews.

The Remuneration Committee sought assistance from external consultants to map the full packages including salaries, benefits, bonus and LTIP of the CEO and CFO in comparison to other listed groups with similar characteristics. The Remuneration Committee believes the policies in place are clear, relevant and aligned with shareholders in ensuring continuous development and growth of the Group.

Promoting a corporate culture based on ethical values and behaviours

The Group's core values of Agility, Collaboration and Excellence 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 success is due to continued and respectful dialogue with its employees, customers and other key stakeholders. 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 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 takes all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that Share Dealing Policy.

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

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).

The Group communicates with its shareholders through:

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

AUDIT COMMITTEE REPORT

Monitoring risk and financial **integrity.**

The role of the Audit Committee is to monitor and review the integrity and adequacy of the Group's financial statements and reporting, the effectiveness of its internal financial control, audit and risk management processes, monitoring governance, and the appointment and performance of the external auditor.

This report summarises our membership and activities over the year.

Membership

Our Audit Committee met four times during 2023 with all members present, and comprised three independent Directors, Bill Shannon, Thomas Thomsen and myself, Tony Durrant, as Chair of the Committee. Jean Cahuzac joined the Committee on his appointment to the Board in March 2024.

The CFO, Ingrid Stewart, and the external auditor, BDO, have also attended parts of the Committee meetings where the attendance is relevant.

The Board has satisfied itself that the membership of the Audit Committee includes at least one Director with recent and relevant financial experience and that the Committee as a whole has competence in accounting and/or auditing and in the sector in which the Company operates. See pages 36 and 37 for details of relevant experience of Directors.

Committee activities

The Committee undertook the following activities during 2023:

- Oversaw and scrutinised the preparation of the financial statements for the year ended 31 December 2022;
- Scrutinised the content of the half year statements to 30 June 2023;
- Approved the approach taken with regards to audit input for full year reporting for 2023, including the approach to auditing ACE Winches both as part of the Group and as its own statutory entity;
- Reviewed and analysed both the approach and response to the letter received from the FRC following their review of our 2022 Annual Report (further information provided below);
- Discussed key areas of financial judgement, including acquisition accounting in relation to ACE Winches, bad debt provision, impairment of goodwill, carrying value and useful lives of property, plant and equipment, alternative performance measures, and foreign jurisdictions and general compliance with laws and regulations;
- Reviewed and commented on trading updates given throughout 2023;
- Reviewed the Group's evaluation of principal risks and uncertainties, including emerging risks and risks specific to climate change;
- Reviewed the effectiveness of BDO LLP as external auditor;
- Discussed and agreed the Group's approach to internal audit; and
- Reviewed the Committee's performance, its composition, and terms of reference.

Financial reporting

The primary role of the 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.

During the financial year, the Committee reviewed the interim results announcement, including the interim financial statements, the response to the FRC letter, the Annual Report and the associated results announcement, focusing on key areas of judgement and complexity, critical accounting policies, the nature and size of any one-off or abnormal items impacting the quality of earnings or cashflows, the adequacy and accuracy of financial disclosures, the viability and going concern assessments of the Group, adequacy and movements in key provisions including taxation and any changes required in these areas or policies.

The Audit Committee worked with management and considered the work of the external auditor on the above matters to ensure suitable positions were reached. The Committee did not uncover any material issues or concerns about the above matters. The Audit Committee has also considered whether the Annual Report is "fair, balanced and understandable" and provides the necessary information for stakeholders to assess the strategy, business model, risks, performance, and position of the Group. In this regard, the Committee has considered guidance from the FRC on the subject and reviewed reports prepared by the external auditor. The Committee has recommended to the Board that the Annual Report is "fair, balanced and understandable".

The following areas were identified by the Committee, together with management, as significant areas of financial statement risk and judgement:

Description of significant area	Audit Committee action
Acquisition of ACE Winches Ashtead Technology completed the acquisition of Rathmay Limited, the parent company of ACE Winches, in November 2023. As part of the purchase accounting and given the scale of the ACE Winches acquisition, management obtained advice from third-party advisors (being a Big 4 accountancy firm) on the purchase price allocation and translation to IFRS. In addition, the Committee noted that with ACE Winches being a significant acquisition for the Group, additional focus should be placed on managing the integration process.	The Committee has reviewed the purchase price allocation (PPA) performed for the ACE Winches (Rathmay) acquisition. As a result of the PPAs the following assets and related values were identified and recorded at acquisition: £'000 Customer relationships: 8,503 Non-compete: 4,134 Documented processes: 1,377 Trade name: 544 Goodwill: 11,900 The residual goodwill reflects the significant opportunity for future growth in integrating the acquisitions within Ashtead Technology's business, and in particular, the international growth opportunity through adding the equipment and services into Ashtead Technology's international network. Having regard to the rationale for acquisition and the approach adopted on previous acquisitions, the Committee concluded that the PPA had been appropriately assessed. In regards to integration risk, the Committee is aware that regular updates on the integration progress are being provided at Board level and the Committee is satisfied that this is being adequately managed.
Provision for credit risk The Group's debtor 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.	Debtor recoverability has continued to be discussed in the Board meetings during the year as in prior years. This allows the Board to obtain as much comfort as possible on the status of payments and adequacy of the provisions. As part of the year end discussions, management's doubtful debt calculations were reviewed and challenged by the Board. The Committee is satisfied that the provision for doubtful debts is reasonable as at 31 December 2023.
Impairment of goodwill The Group has a significant value of goodwill on the balance sheet, and this has further increased in 2023 with the acquisition of ACE Winches. There is a risk that impairment of the goodwill balance has not been identified by management.	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 2023.
Carrying value and useful lives of property, plant and equipment 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.	Management reviewed the estimated useful lives of property, plant and equipment at the year-end date based on the condition of those assets and these 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 Committee is satisfied with the useful lives of property, plant and equipment and its carrying value at 31 December 2023.

AUDIT COMMITTEE REPORT *CONT.*

Description of significant area	Audit Committee action
Foreign jurisdictions and general compliance with laws and regulations The Group has 12 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.	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 it 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 Committee is satisfied that appropriate procedures are in place.

Alternative Performance Measures (APMs)

We refer to a number of APMs throughout the Annual Report. These are used by the Group to provide additional clarity to the Group's financial performance and are used internally by management to monitor business performance, in its budgeting and forecasting and for determination of Directors' and senior team's remuneration.

The Committee is aware that APMs are non-IFRS measures. APMs used by the Group are as follows:

- Adjusted EBITDA which means operating profit adjusted to add back depreciation, amortisation, foreign exchange movements and non-trading items as described in Note 28 of the accounts;
- Adjusted EBITA which means operating profit adjusted to add back amortisation, foreign exchange movements and non-trading items as described in Note 28 of the accounts;
- Adjusted profit before tax which means Adjusted EBITA less finance cost;
- Adjusted profit after tax which means profit after tax adjusted to add back amortisation, foreign exchange movements and non-trading items including the tax impact thereof as described in Note 28 of the accounts; and
- Adjusted earnings per share which means Adjusted profit after tax divided by the weighted average number of Ordinary Shares.

The Committee considers the APMs, all of which exclude the effect of non-recurring items or non-trading costs, provide useful information for shareholders on the underlying performance of the Group. This also allows for a comparable, year-on-year indicator of underlying trading and operational performance. The Committee is satisfied that where APMs are used, they are presented with equal prominence to the statutory figures.

Internal controls and risk management environment

The Board is ultimately responsible for the operation of an effective system of internal control and risk management appropriate to the business. The Committee's responsibilities include assisting the Board in its oversight of risk management within the Group. The Committee has reviewed the effectiveness and is satisfied that the Group has appropriate internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts.

Internal control environment

The following key elements comprise the internal control environment which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve its business objectives and ensure accurate and timely reporting of financial data for the Company and the Group:

- 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, including an experienced and commercially focused legal function;
- 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 management framework and internal Risk Management Committee to monitor and minimise risk.

Risk management framework

On at least an annual basis, the Committee is updated on the nature and extent of principal risks and uncertainties faced by the Group as contained in the Group's risk register and assesses the mitigating actions and key action plans in place. In 2023, this remit was extended to include climate-related risks and opportunities, and thereby start to align the Group's risk management processes with TCFD requirements. The Committee, along with the Board, discussed and reviewed the Group's risk register during the year and concluded that all risks and opportunities had been appropriately identified and that risk was being appropriately managed within the business. The Group's key risks are identified and discussed in pages 30 to 35.

External audit

The Committee is satisfied that BDO LLP maintained its independence during 2023. During the year, the auditor provided non-audit services to the Company in a review of the half year report for the six-month period ended 30 June 2023 and assistance in reviewing the Company's response to the FRC letter. The fee for these services was £10k. BDO has not received any other 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 2023. 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 2023 is the third year for which Mark McCluskey will sign the auditor's report as senior statutory auditor. The rotation of auditor will be reviewed in the future based on audit tender rules applying to the Company from time to time.

FRC communication

The Financial Reporting Council (FRC) carried out a review of the Company's Annual Report and Accounts for the year ended 31 December 2022 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. In a letter dated 9 November 2023, the FRC raised two substantive questions as follows:

1. The FRC queried the classification of cashflows from sales and purchases of property, plant and equipment (PP&E) as investing activities, given the Company appeared to hold assets for rental and subsequent sale to customers. In our response we clarified that we do not actively seek to sell items of PP&E to third parties and such transactions primarily arise when a customer lost or damaged leased assets beyond repair. This explanation was accepted by the FRC, and we have provided additional disclosure to explain this classification in this report. This can be found in Notes 2.4 and 5 of the financial statements.
2. The FRC asked for further details of significant items within the Company's deferred taxation charge and of the circumstances that gave rise to the recognition of a deferred taxation liability in the US in 2022. The FRC confirmed that we provided satisfactory responses and we agreed to include a reconciliation of the deferred tax included in the balance sheet and income statement for each type of temporary difference in a tabular format in the 2023 financial statements. This can be found in Note 8 of the financial statements.

The FRC confirmed in a letter dated 17 January 2024 that the enquiries in relation to the above questions were closed. In line with best practice the Company consented to the FRC publishing a summary of its findings.

On behalf of the Audit Committee

Tony Durrant

Chair of the Audit Committee

15 April 2024

NOMINATION COMMITTEE REPORT

Ensuring a **high performing** Group Board.

I am pleased to present our Nomination Committee report for the year ended 31 December 2023.

During 2023 the Nomination Committee comprised myself, Bill Shannon (Chair), Allan Pirie (CEO), Tony Durrant and Thomas Thomsen, all of whom, with the exception of Allan Pirie, are considered independent and all of whom have relevant commercial and operating experience. The Committee met once during 2023 with all members present. In common with the other Board Committees, the Board will evaluate the membership of the Nomination Committee annually.

Duties

The Committee is responsible for evaluating the balance of skills, knowledge and experience of the Directors as well as the composition, structure and effectiveness of the Board. It is the Committee's responsibility to make recommendations to the Board on retirements and appointments of additional and replacement Directors, including succession planning.

Board composition, evaluation and succession planning

The key matters which the Committee handled during 2023 included the process to recruit an Independent Non-Executive Director, and the resignation of Joe Connolly as Director. Joe's departure followed the final sale in shareholding by our previous private equity owners, Buckthorn Partners and APICORP. I would like to take this opportunity to thank Joe for the positive contribution he made to the Board over the last few years and wish him well for the future.

In preparation for commencing the recruitment process for a new Independent Non-Executive Director, myself, and our executive search consultants met with each of the Board members separately during Q4 to gather views on the functionality and effectiveness of the current Board, and using a skills matrix to understand any gaps that could be filled with this appointment.

Following an extensive search by our consultants and interviews with all Board members, we announced on 20 March 2024 the appointment of Jean Cahuzac as Non-Executive Director and member of the Audit, Remuneration and Nomination Committees.

Jean has held senior executive roles in the subsea services sector spanning a period of 40 years. He was appointed Chief Executive Officer of Acergy S.A. and post merger became the Chief Executive Officer of Subsea 7 until his retirement in 2019.

Since retiring Jean has remained very active in the sector and in addition to remaining on the board of Subsea 7 he holds non-executive board positions in Bourbon and Seadrill plus serving as the Chief of Evolen.

In addition to the review undertaken as part of the search process, I have, as Chair of the Nomination Committee, obtained feedback on the effectiveness of the Board from each member through individual meetings as well as via a wider Board discussion. The feedback from this review was discussed by the Nomination Committee in December. The review confirmed that the Board has an appropriate mix of skills that provide a sufficient mix of governance, strategy, financial and industry knowledge, being the key criteria required. It was also confirmed that the Board had a sufficient level of Independent Non-Executive Directors given the independence of three of the members during 2023 and the recent addition of Jean Cahuzac. It was agreed that a more indepth review should be undertaken which was completed in Q1 2024, the result of which was to spend more time on succession planning, sustainability and people matters. The Chairman and CEO have met to take these items forward and there is a plan in place for the Board to discuss such matters in 2024.

Diversity and inclusion

The Committee believes it is important to promote a culture that values diversity in all areas, including an inclusive and diverse culture. Female Board representation is currently 17%. The Board is conscious that this may change and consideration will be given to expanding the Board further, as necessary, to ensure we have the right skills, experience and diversity.

Re-election of Directors

All the Directors will stand for re-election at the 2024 AGM. The Board has carried out a performance evaluation and considers each of the Directors to be effective in their respective roles. It judges that they demonstrate commitment and is of the opinion that all Directors continue to provide valuable contributions to the long-term success of the Company. The Board strongly supports their re-election to the Board and recommends that shareholders vote in favour of the resolutions at the AGM.

On behalf of the Nomination Committee

Bill Shannon

Chair of the Nomination Committee

15 April 2024

REMUNERATION COMMITTEE REPORT

Aligning remuneration strategy with **long-term sustainable success.**

I am pleased to present on behalf of the Remuneration Committee, the Directors' Remuneration Report for the year ended 31 December 2023.

This report is divided into three sections, being:

- This **Annual Statement**, which summarises the work of the Committee, remuneration outcomes in 2023 and how the Remuneration Policy will be implemented in 2024
- The **Remuneration Policy Report**, which summarises the Company's Remuneration Policy for 2024 onwards
- The **Annual Report on Remuneration**, which discloses how the Remuneration Policy was implemented in 2023

The auditor is not required to report to the shareholders on the Remuneration Report.

As per best practice, this Remuneration Report will be presented at the Annual General Meeting on 30 May 2024 and will be the subject of an advisory vote.

Role of the Remuneration Committee

During 2023, the Committee comprised myself as Committee Chair, Thomas Thomsen, Independent Non-Executive Director, and Bill Shannon, the Chair of the Board. Jean Cahuzac joined the Committee on his appointment to the Board in March 2024.

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

- Remuneration Policy and practices 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.

Annual Statement

The Committee met three times during 2023 with all members in attendance.

Committee activities during 2023

- Reviewed the 2022 Directors' Remuneration Report prior to its approval by the Board
- Considered feedback from investors and proxy agencies in the period up to the 2023 AGM
- Reviewed market and governance updates and any impact on the Company
- Reviewed and approved 2022 bonus payments to Executive Directors and senior management
- Determined 2023 bonus targets
- Reviewed and set targets for the 2023 LTIP awards
- Reviewed results and approved vesting of first tranche of IPO LTIP awards
- Sought guidance from independent advisors on overall Executive Director remuneration and approved pay reviews for Executive Directors and Group senior management
- Approved overall pay increases for employees as part of the annual budgetary process

Advisors to the Committee

Throughout 2023, FIT Remuneration Consultants LLP (FIT) provided the Remuneration Committee with independent advice as and when required in respect of remuneration quantum and structure and developments in governance and best practice more generally. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com. FIT provides no other services to the Company.

Performance and reward for 2023

The underlying performance of the business has given rise to a record set of results for the second year running. Further details on our overall financial performance during 2023 are set out in the CFO's Report on pages 24 to 27. Of particular note, the Group has continued to grow significantly since its IPO in November 2021, with an initial market capitalisation of £132m at IPO increasing to £490m by end of December 2023, positioning Ashtead Technology in the AIM top 30 at year end.

Following a review of this performance, the Committee determined that the Group's performance has exceeded the maximum profit target and the personal and safety-related targets set for the Executive Directors have been met in full, resulting in maximum annual bonus awards for 2023. In addition, the Committee has determined that the thresholds set for vesting of the second tranche of the IPO LTIP have been met. Further details are set out in the Annual Report on Remuneration.

Implementing the Remuneration Policy for 2024

In respect of the implementation of the Remuneration Policy for Executive Directors for 2024:

- Base salary levels will be £406,065 for the CEO and £275,000 for the CFO. These salary levels, which are c.15% and c.20% higher than paid in 2023, reflect the significant change in scale of the business since IPO and the complexity of its international operations, albeit they remain just under 10% below the respective AIM 50 medians. In this regard, the Committee will keep salary levels under review to ensure they remain competitive and reflect Company and individual performance.
- Pension provision will remain at 10% of salary, which is in line with the policy for other employees in the Group, who may receive a pension of up to 10% dependent on seniority. Where the pension is taken as a cash supplement, 8.7% of salary is payable to ensure this is cost neutral from the Company's perspective.
- Annual bonus potential for both CEO and CFO will be set at 125% of salary based on sliding scale Adjusted EBITDA targets in addition to Group-wide health and safety targets and individual personal objectives. However, reflecting the increase from the maximum of 100% of salary which applied in 2023, the Committee will ensure that the financial targets are appropriately stretched and any bonus award between 100% and 125% of salary will be awarded in shares.
- LTIP awards in the year ending 31 December 2024 will be granted to Executive Directors up to 150% of salary for the CEO and 125% of salary for the CFO. Performance targets will continue to be based on earnings per share, Return on Invested Capital and Total Shareholder Return over a three-year period.

In respect of the implementation of the Remuneration Policy for Non-Executive Directors for 2024, fees have been set to reflect time commitments of the roles and prevailing market rates in the AIM 50. As such, the Chairman's fee for 2024 will be £129,000 p.a. and the base fee for Non-Executive Directors will be set at £53,000 p.a. Consistent with market practice, an additional fee of £10,000 p.a. will be payable in respect of chairing a Committee.

The Committee recognises the need to foster strong relations with our shareholders and encourage open dialogue. As such, the Chair of the Committee is available for discussion with institutional investors concerning the Company's approach to remuneration. We look forward to receiving your support at our forthcoming AGM.

REMUNERATION COMMITTEE REPORT *CONT.*

Remuneration Policy Report

The Company's Remuneration Policy is that the remuneration packages of the Executive Directors should be sufficiently competitive to attract, retain and motivate those Directors to achieve the Company's long-term strategic objectives, including the creation of sustainable shareholder returns, without making excessive payments. The annual performance related bonus rewards Executive Directors for delivering our short-term financial and operational goals. The long-term focus of our strategy is supported through our LTIP under which performance is tested over three years.

Summary of Directors' Remuneration Policy

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims	Reviewed annually after considering pay levels at comparably sized listed companies and sector peers; the performance, role and responsibility of each Director; the economic climate, market conditions and the Company's performance; and the level of pay across the Group as a whole.	n/a	n/a
Benefits	To provide market-competitive benefits package	Offered in line with market practice, and may include a car allowance, private medical and death in service insurance.	n/a	n/a
Pension	To provide an appropriate level of retirement benefit	Executive Directors may participate in the Group pension scheme but cash equivalent is also available. Salary is the only element of remuneration that is pensionable. Pension percentages aligned with other senior managers within the Group.	10% of salary as pension contribution or 8.7% as cash allowance	n/a
Annual bonus	To incentivise Executive Directors to drive the in-year performance of the business and reward strong performance, thereby driving longer-term shareholder returns	Awards are based on annual performance and are normally payable in cash up to 100% of salary with the excess up to 125% of salary awarded in shares.	125% of salary	Sliding scale financial with personal and Group QHSE targets
LTIP	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership for Executive Directors	Annual awards of share options may be made to participants. Awards made under the LTIP will have a performance period of at least three years and a minimum vesting period of three years. Dividend equivalents may accrue on LTIP awards and are paid on those shares which vest. Malus (of any unvested LTIP) and clawback (of any vested LTIP) provisions apply.	150% of salary for CEO 125% of salary for CFO	Sliding scale financial and/or share price related (e.g. relative shareholder return) targets
Non-Executive Directors	The Committee determines the Chairman's fee and fees for the Non-Executive Directors are agreed by the Chair and Executive Directors	Fees are reviewed annually taking into account the level of responsibility and relevant experience. Fees are payable in cash and may include a basic fee and additional fees for further responsibilities.	n/a	n/a

Service contracts and letters of appointment

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.

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 not eligible for bonuses, pension benefits, share options or other benefits.

Allan Pirie and Ingrid Stewart were appointed to the Board of the Company on 4 November 2021 with Bill Shannon, Tony Durrant and Thomas Thomsen appointed on 23 November 2021 and Jean Cahuzac appointed on 20 March 2024.

IPO LTIP

Both the CEO and CFO received a one-off LTIP award at IPO (IPO LTIP) of up to 200% of base salary (by reference to the offer price at admission). The IPO LTIP award equated to 406,389 shares for the CEO and 246,914 for the CFO. The IPO LTIP is payable, subject to performance conditions, in three separate tranches covering the financial years 2022, 2023 and 2024. A new LTIP scheme commenced in 2023, the first performance period of which is the three-year period ending 31 December 2025.

Annual Report on Remuneration

Total Directors' remuneration

	Base salary/fees		Taxable benefits[2]		Pension[3]		Annual bonus		Other[1]		LTIP		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Executive Director														
Allan Pirie	353	330	12	11	31	26	330	–	–	–	468	-	1,194	371
Ingrid Stewart	225	200	12	11	23	20	200	–	–	200	284	-	744	431
Non-Executive Director														
Bill Shannon	118	110	–	–	–	–	–	–	–	–	–	–	118	110
Tony Durrant	64	60	–	–	–	–	–	–	–	–	–	–	64	60
Thomas Thomsen	48	45	–	–	–	–	–	–	–	–	–	–	48	45
Joe Connolly[4]	48	45	–	–	–	–	–	–	–	–	–	–	48	45

Notes
1. As reported last year, Ingrid Stewart received an IPO bonus which was dependent on valuation of the previous management incentive (now replaced with LTIP) on conversion to shares at IPO, which was paid in January 2022.
2. Benefits include car allowance and medical cover for the Director and immediate family.
3. Executive Directors have the option to receive pension contribution at 10% of salary or cash contribution of 8.7% of salary.
4. Joe Connolly resigned as a Non-Executive Director effective 18 December 2023.
5. Represents 135,463 and 82,305 for the CEO and CFO respectively, none of which are exercised. Share price of 345.6p used for calculation.

The highest paid Director in 2023 was Allan Pirie.

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

Annual bonus award

The maximum bonus potential for Executive Directors for 2023 was 100% of salary. The bonus potential was based on sliding scale EBITDA targets with the threshold set at 90% of budget Adjusted EBITDA and the maximum set at 110% of budget Adjusted EBITDA. 70% of the bonus is payable on Group performance with the remaining 30% based on a Group-wide safety target (10% of salary) and the achievement of personal objectives (20% of salary). On the basis that the Group exceeded 110% of its budgeted EBITDA and all safety and personal objectives were met, maximum bonuses were earned in respect of 2023.

REMUNERATION COMMITTEE REPORT *CONT.*

LTIP awards vesting in the year ended 31 December 2023

The first tranche of awards under the IPO LTIP, equating to 365,919 shares (of these, 135,463 related to Allan Pirie and 82,305 related to Ingrid Stewart) vested in May 2023. EPS targets in relation to the remaining tranches 2 and 3 are as follows:

	Tranche 2 Year ended 31 December 2023	Tranche 3 Year ending 31 December 2024
Threshold EPS (25% vesting)	17.17p	19.15p
Maximum EPS (100% vesting)	20.61p	23.59p

Based on these published results, the second tranche of awards, equating to 365,919 awards, will vest in April 2024.

LTIP awards granted in the year ended 31 December 2023

The following LTIP awards were granted to the Executive Directors on 4 May 2023:

	Basis of award	Number of shares under award
Allan Pirie	150% of salary	154,417
Ingrid Stewart	125% of salary	81,998

The LTIP options are exercisable at nil cost but are only exercisable to the extent that the following performance criteria are achieved by the Company over a three-year performance period, being the three-year period ending 31 December 2025:

Metric	Target	Weighting
Earnings per share (EPS)	25% of this part vests if EPS growth is 12% c.p.a., increasing pro-rata to 100% vesting if EPS growth is 16% c.p.a. or above	50%
Return on Invested Capital (ROIC)	25% of this part vests if average ROIC is 15%, increasing pro-rata up to 100% vesting if ROIC is 18% or above	25%
Total Shareholder Return (TSR)	0% vesting for TSR below median, 25% vesting for median TSR, increasing pro rata to 100% for upper quartile TSR. TSR to be calculated relative to Numis Smaller Companies Index + AIM Index (ex-Investment Companies)	25%

Directors' interests in shares

The interests of the Directors in the shares (including options) of the Company as of 31 December 2023 are included within the Directors' Report on page 51.

External appointments

The CEO and CFO did not have any external appointments during the year ended 31 December 2023.

Wider employee context

Whilst our focus is predominantly on the pay and benefits offered to the Executive Directors, we take an active interest in the pay and benefits offered to the wider employee base, as well as other related workforce policies and practices.

Closing remarks

We have closed 2023 with strong performance against our financial KPIs and business strategy. The Committee is satisfied that the remuneration outcomes for 2023 demonstrate a strong link between pay and performance and that the Remuneration Policy for 2024 continues to support the growth of the business.

On behalf of the Committee, thank you for reading this report and I look forward to receiving your support at the AGM on 30 May 2024 in relation to the advisory resolution to approve this Annual Report on Remuneration.

On behalf of the Remuneration Committee

Tony Durrant

Chair of the Remuneration Committee

15 April 2024

DIRECTORS' REPORT

Delivering on expectations.

The Directors present their Annual Report and audited financial statements for the Group and the Company for the year ended 31 December 2023. The comparative results are for the year ended 31 December 2022.

Principal activities

Ashtead Technology Holdings plc is an AIM-quoted company. The principal activity of the Group is the provision of subsea equipment rental and solutions to the global offshore energy sector. Further detail on the principal activities and business overview of the Group are set out on pages 2 to 5 which forms part of this Directors' Report.

Strategic Report

The Strategic Report is a requirement of the Companies Act 2006 and can be found on pages 2 to 35. Ashtead Technology has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include other matters of strategic importance that would otherwise be disclosed in the Directors' Report in other sections of this Annual Report (see below table). This information should be read in conjunction with this Directors' Report.

Business review and future development and prospects

A review of the performance of the Company during the year, including principal risks and uncertainties, key performance indicators and comments on likely future developments in its business, is given in the Strategic Report on pages 2 to 35.

Ashtead Technology has continued to grow through 2023, both organically and through acquisition. Our commitment to service excellence and the provision of leading-edge technology, as well as our position in a large and growing addressable market, puts the Company in a strong position as we look to the future. Through 2023 and early 2024, Ashtead Technology has continued to invest in both organic and inorganic growth opportunities to 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 62 to 66 and pages 104 to 105 respectively.

The Directors see an opportunity to reinvest profits to finance the continued development and expansion of the business through both organic and M&A growth opportunities.

At the same time, the importance of dividends both to the Company's shareholders and in maintaining capital discipline is recognised. The Board intends to continue its progressive dividend policy. In this regard, the Directors have recommended a full and final dividend of 1.1 pence per share for the year ended 31 December 2023, payable on 3 June 2024 based on an ex-dividend date of 2 May 2024 and a record date of 3 May 2024.

Going concern

Full consideration of the going concern assessment is included in Note 1 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 2025. 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 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)
- Allan Pirie (CEO)
- Ingrid Stewart (CFO)
- Tony Durrant (Independent Non-Executive Director)
- Thomas Thomsen (Independent Non-Executive Director)

Biographical details of the current Directors are included in pages 36 to 37.

Joe Connolly, Non-Independent Non-Executive Director, resigned from the Board effective 18 December 2023.

Jean Cahuzac was appointed as Independent Non-Executive Director on 20 March 2024.

As at 31 December 2023, some of the Directors who held office during the year held interests in the Ordinary Shares of the Company. These are included in the table below.

The detailed vesting requirements under the option schemes are included in the Remuneration Report on pages 47 to 50.

Subject matter	Page/Note
Business review and principal activities of the Group	2 to 5
Environmental, social and governance (ESG)	14 to 19
Stakeholder engagement	20 to 23
Key performance indicators	28 to 29
Risk management and information on the principal risks and uncertainties	30 to 35
Corporate Governance Statement	39 to 41
Financial instruments and financial risk management	Note 24 of the financial statements
Related parties	Note 25 of the financial statements

	At 31 December 2023		At 31 December 2022	
	Shares	Options	Shares	Options
Bill Shannon[1]	49,382	–	49,382	–
Allan Pirie	1,341,600	560,806[2]	2,166,600	406,389
Ingrid Stewart	235,786	328,912[3]	300,786	246,914
Tony Durrant[1]	10,000	–	10,000	–
Thomas Thomsen[1]	–	–	–	–

1 Denotes Non-Executive Director.
2 Of which 135,463 have vested but not as yet been exercised.
3 Of which 82,305 have vested but not as yet been exercised.

Directors' insurance

The Company maintains Directors' and Officers' liability insurance, which was in force during the full year 2023 and remains in force as at the date of this report.

Directors' indemnity

Pursuant to the Company's Articles of Association, the Company has granted an indemnity for the benefit of Directors of the Group or directors and officers of associated companies under which the Company will indemnify them, subject to the relevant article, against all costs, charges, losses and liabilities incurred by them in the performance of their duties. There were no qualifying pension scheme indemnity provisions.

Employee involvement

The Group engages with its employees as a key stakeholder and employee involvement in the Group is encouraged by the Group Board, as common goals and awareness of the Group's strategy play a major role in delivering its medium to long-term strategic objectives. The Group's policy is to consult and discuss with employees, primarily at meetings and employee forums, 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 20 to 23.

Statement of engagement with other stakeholders

The Group Board recognises the importance of fostering effective business relationships with all the Company's stakeholders. Their interests are important to the Board, and it is committed to ensuring that strong, positive relationships are maintained with them, built on a foundation of mutual respect, trust and understanding. Further information on this engagement can be found within our Section 172(1) statement on pages 20 to 23 where we provide details of stakeholder engagement and the impact of that on the Board's decision making. Those sections are incorporated by reference and form part of this Directors' Report.

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)

Under the Streamlined Energy and Carbon Reporting (SECR) Regulations we are mandated to disclose our scope 1 and 2 UK consumption and associated greenhouse gas (GHG) emissions for our UK based business as a minimum. We have reported our GHG emissions and energy usage for our UK and operations within our sustainability section on page 19.

Share capital and voting

Details of the Company's share capital are shown in Note 23 of the Group accounts and Note 8 of the Company 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. The rights and obligations attaching to these shares are governed by the Companies Act 2006 and the Company's Articles of Association.

Significant Shareholders

As at 31 March 2024 the Company has been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of notifiable interests in 3% of more of its voting rights (see table below).

Employee Benefit Trust

The Ashtead Technology Holdings Employee Benefit Trust (EBT) was established by a declaration of trust between the Company and Intertrust Employee Benefit Trustee Limited (the Trustee) on 1 June 2022.

As at 31 December 2023, 279,497 shares were held by the EBT. Following the publication of this Annual Report, the Company will issue a further 365,919 new authorised shares each at a subscription price of £0.05 (being nominal value) to the EBT to satisfy the vesting of the second tranche of IPO LTIP share options. The aggregate subscription price will be funded through a loan facility arrangement between the Company and the Trustee.

Prior to the exercise of any options, the shares are held by the EBT on general trust, but the Trustee has agreed to satisfy any option that is exercised by transferring the relevant number of shares directly to the exercising shareholder. Prior to the exercise of any options, the Trustee may vote or abstain from voting shares, or accept or reject any offer relating to shares, in any way it sees fit without incurring any liability and without being required to give reasons for its decision. Once option holders choose to exercise their options, the legal and beneficial interest in the relevant number of shares is transferred from the EBT to the option holder.

Significant shareholders

abrdn	8,744,330	10.9%
Fidelity Management & Research	7,599,892	9.5%
JPMorgan Asset Management	6,316,024	7.9%
Oberweis Asset Management	3,830,826	4.8%
BlackRock	3,339,551	4.2%
Investec Wealth & Investment	3,085,339	3.9%
Schroder Investment Management	2,926,241	3.7%
Lothian Pension Fund	2,733,000	3.4%

Political and charitable 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 (2022: nil).

The Group made a total of £3,835 of charitable donations in 2023. The largest beneficiary was the Archie Foundation who received £1,045. Charitable donations were less than £2,000 in 2022.

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

The Annual General Meeting (AGM) will be held at 11.00am on 30 May 2024 at the offices of White & Case, 5 Old Broad Street, London, EC2N 1DW. The Notice of Meeting will be posted to shareholders along with the Annual Report within the appropriate timeframe. The Notice of Meeting will also be made available on the website on that date and will set out the business of the meeting and an explanatory note. In line with good governance, voting on all resolutions at this year's AGM will be conducted by way of a poll.

Corporate governance

The Group's statement on corporate governance can be found in the corporate governance section of this Annual Report on pages 39 to 41, which is incorporated by reference and forms part of this Directors' Report. It can also be found on the Company's website.

Forward-looking statements

To the extent this Annual Report contains forward-looking statements these involve risk and uncertainties. The Group's actual results could differ materially from those estimated or anticipated in the forward-looking statements as a result of many factors. Information contained in this Annual Report relating to the Company should not be relied upon as a guide to future performance.

Post balance sheet events

On 1 March 2024, the name of ACE Winches Norge AS was changed to Ashtead Technology AS.

On 20 March 2024 the term of the revolving credit facility and accordion facility was extended by one year and is fully repayable by April 2028.

Branches outside of the United Kingdom

Neither the Company nor any of its subsidiaries has any branches outside of the United Kingdom.

Directors' statement as to disclosure of information to the auditor

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 auditor, BDO LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed at the AGM.

Directors' responsibilities

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.

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

Allan Pirie

Chief Executive Officer

15 April 2024

INDEPENDENT AUDITOR'S REPORT
To the members of Ashtead Technology Holdings plc

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 2023 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 2023 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 through the review of the Director's assessment, assumptions made and cashflow forecasts underpinning their conclusion;
- testing the arithmetic accuracy of the cashflow forecast model, checking that the logic of any calculations are performed as designed;
- analysing the current and forecast performance of the Group including working capital requirements, by assessing the 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 whether the financing options that are available to the group, including the post year end refinancing, are sufficient to support plausible downside scenarios;
- recalculating current loan covenants under both the base case and sensitised scenarios, in order to assess compliance over the going concern period;
- using various external data sources to identify indicators of potential going concern risks at the Group and industry level; and
- assessing whether the going concern disclosures are appropriate, consistent with the Directors going concern assessment and in conformity with the applicable 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.

Overview

Coverage[1]	85% (2022: 97%) of Group profit before tax 83% (2022: 97%) of Group revenue 90% (2022: 97%) of Group total assets		
Key audit matters		2023	2022
	Revenue recognition – revenue from rental equipment	✓	✓
	Carrying value of rental fleet	✓	✓
	Acquisition accounting	✓	✓
Materiality	Group financial statements as a whole £1,400,000 (2022: £800,000) based on 5% (2022: 5%) of normalised Profit before tax (2022: Profit before tax)		

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's 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 five significant components, Ashtead Technology Holdings plc, Ashtead Technology Limited (UK), Ashtead Technology Offshore Inc (USA), Ashtead Technology (SEA) Pte Ltd (Singapore) and Underwater Cutting Solutions Limited (UK). A full scope audit was undertaken on these components by the group audit team. In additional the group audit team undertook an audit of the balance sheet of Alfred Cheyne Engineering Limited, which was acquired during the year. The group audit team also carried out specific procedures on balances arising on consolidation. The non-significant components were subject to desktop review and specific 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.

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

INDEPENDENT AUDITOR'S REPORT *CONT.*

To the members of Ashtead Technology Holdings plc

An overview of the scope of our audit cont.

Key audit matters cont.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Revenue from the rental of equipment Refer Accounting policies Note 2.9 (page 72) and Note 4 of the consolidated financial statements (page 79).	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 was an area of focus for our audit in considering possible areas of management bias and fraud. Given the significance of this balance in the context of the financial statements and the risks identified, we considered this was an area requiring significant auditor attention and therefore was considered to be a key audit matter.	We tested the operating effectiveness of 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 tested accrued income by tracing a sample of year end income accruals to the underlying sales order and asset utilisation reports, or customer confirmation 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 year end by tracing a sample of items to supporting documentation to confirm the revenue is being recorded in the correct period. 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 recorded in the correct period, and that top-side manual adjustments were supported.
Carrying value of rental fleet Refer, Accounting policies Note 2.4 (page 70) and Note 11 of the consolidated financial statements (page 85).	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 was a key area of focus for our audit due to the large fleet, frequent intercompany sales and judgement required in assessing impairment indicators.	We obtained an understanding of the key controls management have implemented throughout the process for identifying impairment indicators within the rental fleet. We tested the operating effectiveness of 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 the operating effectiveness of 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 or tracing to documentation confirming existence of assets that were 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 our internal valuations experts to assist us in assessing 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 that 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
Acquisition accounting Refer, Accounting policies Note 1.6 (page 68) and Note 27 of the consolidated financial statements (page 101).	On 30 November 2023 the Group acquired 100% of the issued share capital of Rathmay Limited and its subsidiaries, for £52.7m. The Group has recorded the assets and liabilities acquired at fair value. Attributing fair values to assets acquired and liabilities assumed as part of business combinations is considered to be a key judgement and, together with the calculated purchase consideration, directly impact the calculation of any goodwill recognised upon acquisition. Furthermore, the financial statement disclosure requirements associated with acquisitions are extensive and there is a risk that the disclosures within the financial statements do not comply with the requirements of the accounting standards. The acquisition accounting was therefore an area of audit focus and was determined to be a key audit matter in the current year.	We obtained and reviewed the agreement for the sale and purchase of Rathmay Limited, signed by both parties, together with any related documents to determine whether the Group had obtained the requisite control over all entities to be included upon consolidation. We agreed the consideration to be paid to the agreement for the sale and purchase of Rathmay Limited. We challenged the analysis and assumptions used by management in identifying and determining the fair value of intangible assets which had not previously been recognised within each of the acquired companies. We assessed the recognition of the intangible assets with reference to the requirements and guidance detailed in the relevant accounting standards to assess whether intangible assets recognised are appropriate and engaged our internal valuation experts to assist in challenging the assumptions and methodology used by management to determine the fair value against recognised valuation techniques and independent industry benchmarks. We assessed the fair value of the remaining assets acquired and liabilities assumed included in the acquisition date balance sheet with reference to the applicable account standards, the nature of the asset acquired or liability assumed and the rationale supporting the fair value adjustments. We recalculated the goodwill recognised upon acquisition as the surplus of the purchase consideration over the fair value of the identifiable assets acquired and liabilities assumed. We assessed the disclosures within the financial statements with reference to the accounting standards. **Key observations:** Based on the procedures performed we consider the judgements made by management in accounting for the acquisition of Rathmay Limited and the related disclosures to be appropriate.

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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

INDEPENDENT AUDITOR'S REPORT *CONT.*
To the members of Ashtead Technology Holdings plc

Our application of materiality cont.

	Group financial statements		Parent company financial statements	
	2023 £	2022 £	2023 £	2022 £
Materiality	1,400,000	800,000	490,000	490,000
Basis for determining materiality	5% of profit before tax	5% of profit before tax	35% of Group materiality	62% of Group materiality
Rationale for the benchmark applied	We considered profit before tax to be the users principal consideration in assessing the performance of the Group.	We considered profit before tax to be the users principal consideration in assessing the performance of the Group.	Materiality was set at 35% of Group materiality taking into consideration component aggregation risk.	Materiality was set at 62% of Group materiality taking into consideration component aggregation risk.
Performance materiality	980,000	560,000	343,000	343,000
Basis for determining performance materiality	70% of the above materiality threshold.	70% of the above materiality threshold.	70% of the above materiality threshold.	70% of the above materiality threshold.
Rationale for the percentage applied for performance materiality	Based on our expectation of total value of known and likely misstatements, our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	Based on our expectation of total value of known and likely misstatements, our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	Based on our expectation of total value of known and likely misstatements, our knowledge of the Parent Company's internal controls and management's attitude towards proposed adjustments.	Based on our expectation of total value of known and likely misstatements, our knowledge of the Parent Company's internal controls and management's attitude towards proposed adjustments.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 19% and 94% (2022: 21% and 80%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £270,000 to £1,320,000 (2022: £170,000 to £640,000). In the audit of each component, we further applied performance materiality levels of 70% (2021: 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 £56,000 (2022: £32,000). 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 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 Directors' 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.

INDEPENDENT AUDITOR'S REPORT *CONT.*
To the members of Ashtead Technology Holdings plc

Auditor's responsibilities for the audit of the financial statements cont.

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance and the audit committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be the applicable accounting frameworks, UK tax legislation, AIM Listing Rules and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be General Data Protection Regulation, Employment Rights Act 1996, Health and Safety at Work etc Act 1974, Management of Health and Safety at Work Regulations 1999 and the QCA Code.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit to assess compliance with relevant tax legislation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Direct confirmation with the Group's legal council for confirmation of any outstanding litigation relating to matters of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance and the audit committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition on rental equipment through inappropriate application of the cut-off principle, incorrect calculation of accrued income or the posting of top-side manual journals, carrying value of rental fleet and acquisition accounting.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Involvement of forensic specialists in the audit to assist in our identification of areas that may be susceptible to fraud and the design of the audit approach to address the identified areas;
- Assessing significant estimates made by management for bias, including those set out in the key audit matters section of the report;
- Agreeing balances and reconciling items in Management's key control account reconciliations to supporting documentation as at 31 December 2023;
- With regards to the risk of fraud in revenue recognition on rental equipment through inappropriate application of the cut-off principle, incorrect calculation of accrued income or the posting of top-side manual journals, carrying value of rental fleet and acquisition accounting, performing the procedures set out in the key audit matters section of the report; and
- Performing a stand back review of misstatements identified, to determine whether these were indicative of management bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

15 April 2024

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	2023 £000	2022 (restated)* £000
Revenue	4	110,466	73,120
Cost of sales	5	(24,168)	(18,829)
Gross profit		86,298	54,291
Administrative expenses	5	(55,291)	(36,567)
Impairment loss on trade receivables	5	(501)	(810)
Other operating income	5	704	804
Operating profit	5	31,210	17,718
Finance income	7	283	21
Finance costs	7	(4,000)	(1,459)
Profit before taxation		27,493	16,280
Taxation charge	8	(5,914)	(3,906)
Profit for the financial year		21,579	12,374
Profit attributable to:			
Equity shareholders		21,579	12,374
Earnings per share			
Basic	9	27.0	15.5
Diluted	9	26.7	15.3

The below financial measures are Alternative Profit Measures used by management and are not an IFRS disclosure:			
Adjusted EBITDA**	28	48,253	28,282
Adjusted EBITA***	28	36,224	19,851
Adjusted Profit After Tax****	28	26,664	15,329

* See Note 2.2 for an explanation of the prior year restatement.

** Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation and items not considered part of underlying trading including foreign exchange gains and losses, is an Alternative Profit Measure metric used by management and is not an IFRS disclosure. See Note 28 to the financial statements for calculations.

*** Adjusted EBITA is calculated as earnings before interest, tax, amortisation and items not considered part of underlying trading including foreign exchange gains and losses, is an Alternative Profit Measure used by management and is not an IFRS disclosure. See Note 28 to the financial statements for calculations.

**** Adjusted Profit After Tax is calculated as profit after tax for the financial year adjusted for amortisation and items not considered part of underlying trading including foreign exchange gains and losses, all adjusted for tax, is an Alternative Profit Measure used by management and is not an IFRS disclosure. See Note 28 to the financial statements for calculations.

All results derive from continuing operations.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023 £000	2022 (restated)* £000
Profit for the year	21,579	12,374
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(554)	1,179
Other comprehensive (loss)/income for the year, net of tax	(554)	1,179
Total comprehensive income	21,025	13,553
Total comprehensive income attributable to:		
Equity shareholders of the Company	21,025	13,553

* See Note 2.2 for an explanation of the prior year restatement.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
At 31 December 2023

	Notes	2023 £000	2022 (restated)* £000
Non-current assets			
Property, plant and equipment	11	68,707	31,812
Goodwill	12	77,739	66,043
Intangible assets	12	17,709	4,582
Right-of-use assets	19	2,584	2,631
Deferred tax asset	8	52	–
		166,791	105,068
Current assets			
Inventories	13	4,064	1,865
Trade and other receivables	14	32,015	19,784
Cash and cash equivalents	15	10,824	9,037
		46,903	30,686
Total assets		213,694	135,754
Current liabilities			
Trade and other payables	16	32,021	19,134
Income tax payable	8	2,207	1,784
Loans and borrowings	17	23	–
Lease liabilities	19	1,154	865
		35,405	21,783
Non-current liabilities			
Loans and borrowings	17	69,673	34,865
Lease liabilities	19	1,656	1,991
Deferred tax liability	8	9,018	2,062
Provisions for liabilities	20	356	117
		80,703	39,035
Total liabilities		116,108	60,818
Equity			
Share capital	23	3,997	3,979
Share premium	23	14,115	14,115
Merger reserve	23	9,435	9,435
Share based payment reserve	23	2,538	827
Foreign currency translation reserve	23	(665)	(111)
Retained earnings	23	68,166	46,691
Total equity		97,586	74,936
Total equity and liabilities		213,694	135,754

* See Note 2.2 for an explanation of the prior year restatement.

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements of Ashtead Technology Holdings plc (registered number 13424040) for the year ended 31 December 2023 were authorised by the Board of Directors on 15 April 2024 and signed on its behalf by:

Allan Pirie
Chief Executive Officer
15 April 2024

Ingrid Stewart
Chief Financial Officer
15 April 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital £000	Share premium £000	Merger reserve £000	Share based payment reserve £000	Foreign currency translation reserve £000	Retained earnings £000	Total £000
At 1 January 2022 as originally presented	3,979	14,115	9,435	–	(1,290)	34,893	61,132
Correction of error	–	–	–	–	–	(576)	(576)
Restated balance at 1 January 2022*	3,979	14,115	9,435	–	(1,290)	34,317	60,556
Profit for the year (restated)*	–	–	–	–	–	12,374	12,374
Other comprehensive income	–	–	–	–	1,179	–	1,179
Total comprehensive income	–	–	–	–	1,179	12,374	13,553
Share based payment charge	–	–	–	827	–	–	827
At 31 December 2022 as originally presented	3,979	14,115	9,435	827	(111)	47,558	75,803
Correction of error	–	–	–	–	–	(867)	(867)
Restated balance at 31 December 2022*	3,979	14,115	9,435	827	(111)	46,691	74,936
Profit for the year	–	–	–	–	–	21,579	21,579
Other comprehensive income	–	–	–	–	(554)	–	(554)
Total comprehensive income	–	–	–	–	(554)	21,579	21,025
Share based payment charge	–	–	–	1,711	–	–	1,711
Tax on share based payment charge	–	–	–	–	–	710	710
Issue of shares	18	–	–	–	–	(18)	–
Dividends paid	–	–	–	–	–	(796)	(796)
At 31 December 2023	**3,997**	**14,115**	**9,435**	**2,538**	**(665)**	**68,166**	**97,586**

* See Note 2.2 for an explanation of the prior year restatement.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2023

	Notes	2023 £000	2022 (restated)* £000
Cash generated from operating activities			
Profit before taxation		27,493	16,280
Adjustments to reconcile profit before taxation to net cash from operating activities			
Finance income	7	(283)	(21)
Finance costs	7	4,000	1,459
Depreciation	11, 19	12,029	8,431
Amortisation	12	1,431	878
Gain on sale of property, plant and equipment	5	(704)	(804)
Share based payment charges	23	2,496	825
Provision for bad debts movement		514	–
Provision for liabilities	20	48	(4)
Cash generated before changes in working capital		47,024	27,044
(Increase)/decrease in inventories		(157)	274
(Increase)/decrease in trade and other receivables		(2,120)	734
Increase in trade and other payables		4,082	7,207
Cash inflow from operations		48,829	35,259
Interest paid		(3,064)	(1,132)
Tax paid		(6,717)	(1,998)
Net cash generated from operating activities		39,048	32,129
Cash flow used in investing activities			
Purchase of property, plant and equipment		(19,459)	(13,728)
Proceeds from customer loss/damage of assets held for rental		1,428	1,518
Acquisition of subsidiary undertakings net of cash acquired		(51,183)	(23,999)
Interest received		283	21
Net cash used in investing activities		(68,931)	(36,188)
Cash flow generated from financing activities			
Loans received		62,014	31,000
Transaction fees on loans received		(1,241)	(228)
Repayment of bank loans		(26,587)	(21,727)
Payment of lease liability		(1,199)	(1,064)
Payment of finance lease liability		(2)	–
Dividends paid		(796)	–
Net cash generated from financing activities		32,189	7,981
Net increase in cash and cash equivalents		2,306	3,922
Cash and cash equivalents at beginning of year		9,037	4,857
Net foreign exchange difference		(519)	258
Cash and cash equivalents at end of year		10,824	9,037

* See Note 2.2 for an explanation of the prior year restatement.

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. General information

1.1 Background

Ashtead Technology Holdings plc (the "Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on AIM. The consolidated financial statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its interest in subsidiaries (together referred to as the "Group"). The Company is domiciled in the United Kingdom and its registered address is 1 Gateshead Close, Sunderland Road, Sandy, Bedfordshire, SG19 1RS, United Kingdom.

1.2 Basis of preparation

These consolidated financial statements are for the year ended 31 December 2023 and have been prepared in accordance with UK-adopted International Accounting Standards.

These consolidated financial statements have been prepared under the historical cost convention.

Subsidiary audit exemption

Ashtead Technology Holdings plc (company registration number 13424040) has issued a parental company guarantee under s479A of the Companies Act 2006, dated 31 December 2023. As a result, for the year ended 31 December 2023, Underwater Cutting Solutions Limited (company registration number 05031272) is entitled to exemption from audit.

1.3 Presentational currency

The consolidated financial statements, unless otherwise stated, are presented in sterling, to the nearest thousand.

1.4 Going concern

The consolidated financial statements of the Group are prepared on a going concern basis. The Directors of the Group assert that the preparation of the consolidated financial statements on a going concern basis is appropriate, which is based upon a review of the future forecast performance of the Group for a two-year period ending 31 December 2025.

During 2023 the Group has continued to generate positive cash flow from operating activities with a cash and cash equivalents balance of £10,824,000 (2022: £9,037,000). The Group has access to a multi-currency RCF and additional accordion facility. After a refinance which completed on 5 April 2023, the RCF and accordion facility have total commitments of £100,000,000 and £50,000,000 respectively, both of which expire in April 2028. The accordion facility is subject to credit approval. As at 31 December 2023 the RCF had an undrawn balance of £29,325,000 on the £100,000,000 facility available at that time. Refer to Note 17 for details on the available facilities.

The Facility Agreement is subject to a leverage covenant of 3.0x and an interest cover covenant of 4:1, which are both to be tested on a quarterly basis. The Group has complied with all covenants from entering the Facility Agreement until the date of these financial statements.

The 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, overheads, collection and payment terms, capex requirements and the payment of interest and capital on its existing debt facilities. Consideration is also given to the availability of bank facilities. In preparing these forecasts, the Directors have considered the principal risks and uncertainties to which the business is exposed.

The Directors perform sensitivity analysis on the going concern assumption to determine whether plausible downside scenarios would have a material impact. Forecasts were flexed to incorporate a 5% downturn in forecast performance in the year ending 31 December 2024 and a 10% downturn in forecast performance in the year ending 31 December 2025. Under this downside scenario the peak funding requirement over the forecast period would leave £96,000,000 headroom in the available facilities with no threat to breach of covenants.

Taking account of reasonable changes in trading performance and bank facilities available, the application of severe but plausible downside scenarios to the forecasts, the cash forecasts prepared by management and reviewed by the Directors indicate that the Group is cash generative and has adequate financial resources to continue to trade for the foreseeable future and meet its obligations as they fall due.

1.5 Basis of consolidation

Subsidiaries are entities controlled by the Group. The 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 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 consolidated financial statements from the date that control commences until the date that control ceases. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

1. General information cont.

1.5 Basis of consolidation cont.

The consolidated financial statements incorporate the results of the business combinations using the acquisition method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

1.6 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 Group.

The 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.

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

1.7 New and amended standards adopted by the Group

IFRS 17 Insurance Contracts and a number of amended standards became effective for the financial year beginning on 1 January 2023; however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these. Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as the Group. The Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the consolidated financial statements.

Future standards, amendments and interpretations

The following standards, amendments and interpretations are effective subsequent to the year end, and have not been early adopted. The Directors do not expect that the adoption of the standards and amendments listed below will have a material impact on the financial statements of the Group in future periods.

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*
- IFRS S2 Climate-related Disclosures*
- Amendment to IAS 1: Classification of Liabilities as Current or Non-current Liabilities**
- Amendment to IAS 1: Non-current Liabilities with Covenants**
- Amendment to IAS 7 and IFRS 7: Supplier Financing Arrangements**
- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback**

* Not yet endorsed by the UK as at the date of authorisation of the financial statements.
** Mandatory adoption date and effective date for the Group is 1 January 2024.

1.8 Statement of compliance

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.

2. Summary of material accounting policies

2.1 IFRIC: Configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets)

The Group has a number of contracts for Software as a Service ("SaaS") Cloud Computing Arrangements. These contracts permit the Group to access vendor-hosted software and platform services over the term of the arrangement. The Group does not control the underlying assets in these arrangements and costs are expensed as incurred.

The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38. Such costs typically relate to software coding which is capable of providing benefit to the Group on a standalone basis. Other implementation costs primarily relate to the configuration and customisation of the Cloud software solution and are assessed to determine whether the implementation activity relating to these costs is distinct from the Cloud Arrangement, in which case costs are expensed as the activity occurs. If the configuration and customisation costs relate to activity which is integral to the Cloud Arrangement such that the activity is received over the term of the Cloud Arrangement, costs are recognised as a prepayment and expensed over the term of the Cloud Arrangement.

2.2 Prior period adjustment

During 2023, management has re-evaluated the impact of the IFRIC guidance released during the prior year relating to accounting for cloud-based Software as a Service ("SaaS") arrangements. This guidance was incorrectly applied in the prior year, resulting in costs associated with a cloud-based SaaS being capitalised and not expensed as incurred in the consolidated income statement.

During 2021, £1,122,000 was capitalised and amortisation of £131,000 was charged. During 2022 a further £725,000 was capitalised and amortisation of £324,000 was charged. As a result of this error, the intangible assets as at 31 December 2021 were overstated by £991,000, prepayments were understated by £273,000 and administrative expenses for the period understated by £718,000. As at 31 December 2022, the intangible assets were overstated by £1,396,000, prepayments were understated by £328,000 and administrative expenses were understated by £350,000 for the year then ended. In addition, during the year ended 31 December 2021 cash flows from operations were overstated by £1,122,000 and investing cash flows understated by the same amount. Likewise, for the year ended 31 December 2022 the operating cash flows were overstated by £725,000 and the investing cash flows understated by the same amount. A summary of the impact, including taxation, is included in the following tables:

	2022 (previously reported) £000	Restatement £000	2022 Restated £000
Consolidated income statement			
Administrative expenses	(36,217)	(350)	(36,567)
Operating profit	18,068	(350)	17,718
Profit before taxation	16,630	(350)	16,280
Taxation charge	(3,965)	59	(3,906)
Profit for the financial year	12,665	(291)	12,374
Basic earnings per share (pence)	15.9	(0.4)	15.5
Diluted earnings per share (pence)	15.7	(0.4)	15.3
Consolidated balance sheet			
Intangible assets	5,978	(1,396)	4,582
Trade and other receivables	19,456	328	19,784
Total assets	136,822	(1,068)	135,754
Income tax payable	1,820	(36)	1,784
Deferred tax liability	2,227	(165)	2,062
Total liabilities	61,019	(201)	60,818
Retained earnings	47,558	(867)	46,691
Total equity	75,803	(867)	74,936
Total equity and liabilities	136,822	(1,068)	135,754
Consolidated cash flow statement			
Profit before taxation	16,630	(350)	16,280
Amortisation	1,202	(324)	878
Cash generated before changes in working capital	27,718	(674)	27,044
(Increase)/decrease in trade and other receivables	785	(51)	734
Cash inflow from operations	35,984	(725)	35,259
Net cash generated from operating activities	32,854	(725)	32,129
Purchase of computer software	(725)	725	–
Net cash used in investing activities	(36,913)	725	(36,188)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

2. Summary of material accounting policies cont.

2.2 Prior period adjustment cont.

	2021 (previously reported) £000	Restatement £000	2021 Restated £000
Consolidated balance sheet			
Intangible assets	1,760	(991)	769
Deferred tax asset	1,010	24	1,034
Trade and other receivables	17,224	273	17,497
Total assets	99,035	(694)	98,341
Income tax payable	821	(118)	703
Total liabilities	37,903	(118)	37,785
Retained earnings	34,893	(576)	34,317
Total equity	61,132	(576)	60,556
Total equity and liabilities	99,035	(694)	98,341

2.3 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of 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 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 equity. 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.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price or construction cost, which includes cost of materials, direct labour costs and other directly attributable costs, and any costs directly attributable to making the asset capable of operating as intended, in the intended location. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. 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:

Leasehold improvements	– remaining lease term
Freehold property	– 25-50 years
Fixtures and fittings	– 4-5 years
Motor vehicles	– 4-5 years
Assets held for rental	– 4-15 years
Assets under construction	– not depreciated

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 within other operating income.

Assets held for rental are held for rental until the end of their useful economic lives and are subsequently scrapped for minimal or no value. Disposals of assets held for rental primarily arise where customers lose or damage equipment beyond repair and compensation is invoiced under the terms of the rental contract. Assets held for rental are not subsequently held for sale as described in paragraph 68A of IAS 16. Where assets held for rental are derecognised, any gain or loss realised on disposal is not recognised as revenue in accordance with IFRS 15. Rather, in accordance with paragraph 68 of IAS 16, the profit realised is included within other operating income in the income statement.

2. Summary of material accounting policies cont.

2.4 Property, plant and equipment cont.

In accordance with the circumstances described above, the cash flows for the purchase and disposal of assets held for rental are not considered to be in scope of the requirements in paragraph 14 of IAS 7. Accordingly, these cash flows are classified in investing activities in line with the normal requirements in paragraph 16 of IAS 7.

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

2.5 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 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	– 3-5 years
Customer relationships	– 3-7 years
Trade names	– 2 years
Documented processes	– 10 years
Computer software	– 5 years

Non-compete arrangements, customer relationships, trade names and documented processes 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. The fair value of trade names at the acquisition date has been determined using the royalty relief methodology. The fair value of documented processes has been identified and valued using a cost approach.

2.6 Inventories

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

2.7 Impairment of non-financial assets excluding inventories, deferred tax assets and contract assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

2. Summary of material accounting policies cont.

2.8 Employee benefits

Defined contribution plans

The 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.

2.9 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

Revenue is recognised as performance obligations are satisfied when control of promised goods or services is transferred to the customer and is measured at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

For each performance obligation within a contract, the Group determines whether it recognises revenue:

- Wholly at a single point in time when the Group has completed its performance obligation; or
- Piecemeal over time during the period that control incrementally transfers to the customer while the good is being manufactured or the service is being performed.

The Group's activities that require revenue recognition at a point in time comprise:

- The sale of goods that are not specifically designed for use by one particular customer; and
- The manufacture of goods that are specifically designed for one particular customer but for which the Group does not have an enforceable right to payment for the work completed to date.

The events that trigger the recognition of revenue at a point in time are most commonly: (i) delivery of the product in accordance with the contractual terms; or (ii) when the product is made available to the customer for collection; or (iii) when the customer notifies the Group that they have accepted the product following a period of inspection. The Group utilises the customer acceptance approach when the contract with the customer contains a requirement for formal acceptance to be provided, that typically is required to be received before the customer is obliged to pay for the products.

Revenue under IFRS 16

All contracts for leases of equipment entered into by the 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 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.

Performance obligations and timing of revenue recognition

Revenue derived from selling goods is recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payments (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

2. Summary of material accounting policies cont.

2.10 Operating segments

The Group operates in the following four geographic regions, which have been determined as the 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 Group's Board of Directors. The 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.

2.11 Taxation

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 Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

2. Summary of material accounting policies cont.

2.12 Leases

At the inception of a contract, the 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 Group accounts for each lease component separately from the non-lease components. The 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 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the 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 Group's incremental borrowing rate.

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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the 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 Group presents right-of-use assets and lease liabilities as separate line items on the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The 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 Group's accounting policy under IFRS 16, as a lessor.

2. Summary of material accounting policies cont.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when the 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 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).

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 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.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Non-derivative financial liabilities, including loans and borrowings, and trade and other payables, are stated at amortised cost using the effective interest method.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings, trade payables, other payables, accruals and lease liabilities) is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 17.

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

2. Summary of material accounting policies cont.

2.13 Financial instruments cont.

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.

Impairment of financial assets

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

Loss allowances for trade receivables and accrued income 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 Group prepares a provision matrix when measuring its ECLs. Trade receivables and accrued income are segmented on the basis of historic credit loss experience, based on geographic region. Historical loss experience is applied to trade receivables and accrued income, 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.

2.14 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.

2.15 Share based payments

The Group has equity settled compensation plans. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. Fair value is measured by the use of the Black-Scholes and Monte Carlo option pricing models.

The cost is recognised in staff costs (Note 6), together with a corresponding increase in equity (share based payment reserve), over the period in which the service and the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Employer's National Insurance contributions are treated as cash settled and included in accruals.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 9).

2. Summary of material accounting policies cont.

2.16 Critical estimates and judgements

In the application of the 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 consolidated financial statements, apart from those involving estimations (which are explained separately below).

2.17 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 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 Group applies judgement to the adjustments to the expected credit loss for information about current economic conditions and reasonable and supportable forecasts of future economic conditions, and it considers all relevant factors that impact future payment by customers. 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.

2.18 Adjusting items

Adjusting items are significant items of income or expense in revenue, profit from operations, net finance costs and/or taxation which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as an adjusting item. These items are separately disclosed in the segmental analysis or in the notes to the accounts as appropriate.

The Group believes that these items are useful to users of the consolidated financial statements in helping to understand the underlying business performance and are used to derive the Group's principal Alternative Performance Measure of Adjusted EBITDA, which is before the impact of adjusting items and which is reconciled from profit from operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

3. Segmental analysis
For the year ended 31 December 2023

	Europe £000	Americas £000	Asia Pacific £000	Middle East £000	Head Office £000	Total £000
Total revenue	71,601	19,343	11,186	8,336	–	110,466
Cost of sales	(13,730)	(5,646)	(2,140)	(2,652)	–	(24,168)
Gross profit	57,871	13,697	9,046	5,684	–	86,298
Administrative expenses	(18,909)	(6,516)	(3,950)	(1,978)	(11,208)	(42,561)
Other operating income	374	53	208	69	–	704
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)	39,336	7,234	5,304	3,775	(11,208)	44,441
Foreign exchange gain						229
Depreciation						(12,029)
Amortisation						(1,431)
Operating profit						31,210
Finance income						283
Finance costs						(4,000)
Profit before taxation						27,493
Taxation charge						(5,914)
Profit for the financial year						21,579
Total assets	167,063	17,293	9,991	7,012	12,335	213,694
Total liabilities	30,051	5,966	2,413	1,853	76,342	116,625

For the year ended 31 December 2022

	Europe £000	Americas £000	Asia Pacific £000	Middle East £000	Head Office (restated)* £000	Total (restated)* £000
Total revenue	42,827	13,912	10,874	5,507	–	73,120
Cost of sales	(9,663)	(4,867)	(2,368)	(1,931)	–	(18,829)
Gross profit	33,164	9,045	8,506	3,576	–	54,291
Administrative expenses	(12,735)	(5,274)	(3,014)	(1,563)	(5,479)	(28,065)
Other operating income	264	156	362	22	–	804
Operating profit before depreciation, amortisation and foreign exchange gain/(loss)	20,693	3,927	5,854	2,035	(5,479)	27,030
Foreign exchange loss						(3)
Depreciation						(8,431)
Amortisation						(878)
Operating profit						17,718
Finance income						21
Finance costs						(1,459)
Profit before taxation						16,280
Taxation charge						(3,906)
Profit for the financial year						12,374
Total assets	93,522	15,335	11,025	5,429	10,443	135,754
Total liabilities	17,500	2,755	2,310	723	37,530	60,818

* See Note 2.2 for an explanation of the prior year restatement.

3. Segmental analysis cont.

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 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 Group. The basis for the allocation of revenues to individual countries is dependent upon the facility from which the equipment is provided.

No single customer or group of customers under common control account for 15% or more of Group revenue.

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

	As at 31 December 2023 £000	As at 31 December 2022 (restated)* £000
UK	141,745	80,941
USA	13,111	11,163
Singapore	7,665	8,885
UAE	4,218	4,079

* See Note 2.2 for an explanation of the prior year restatement.

4. Revenue

(a) Revenue streams

The 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. All rental income is expected to be settled within 12 months.

	2023 £000	2022 £000
Rental income (Note 19)	90,985	61,157
Non-rental revenue	19,481	11,963
Total revenue	110,466	73,120

(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.

Primary geographical markets	2023 £000	2022 £000
Europe	12,930	7,812
Americas	2,808	1,859
Asia Pacific	1,565	1,037
Middle East	2,178	1,255
Non-rental revenue	19,481	11,963

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

	2023 £000	2022 £000
Sale of equipment, transferred at a point in time	8,343	5,259
Provision of related services, transferred over time	11,138	6,704
Non-rental revenue	19,481	11,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

5. Operating profit

This is stated after charging/(crediting):

	2023 £000	2022 (restated)* £000
Cost of inventories recognised in cost of sales	6,757	4,956
Facilities costs	476	464
Depreciation on property, plant and equipment (Note 11)	10,939	7,501
Depreciation on right-of-use assets (Note 19)	1,090	930
Amortisation of intangible assets (Note 12)	1,431	878
Staff costs including share based payments (Note 6)	27,441	18,622
Transaction costs	2,292	787
Foreign exchange (gains)/losses	(229)	3
Lease rentals	254	172
Impairment loss on trade receivables	501	810
Impairment loss on inventories	118	394
Other operating income		
Gain on sale of property, plant and equipment**	704	804
Fees payable to the auditor for the audit of the financial statements:		
Total audit fees	358	202
Fees payable to the auditor and its associates for other services to the Group		
Review of interim financial statements	5	5
Review of CRRT letter	5	–
Total non-audit fees	10	5

* See Note 2.2 for an explanation of the prior year restatement.

** The gain on sale of property, plant and equipment arises from compensation from third parties for items of property, plant and equipment that were lost, given up or damaged beyond repair by customers in both 2023 and 2022. The gross compensation proceeds are disclosed in the consolidated cash flow statement.

6. Staff costs

	2023 £000	2022 £000
Wages and salaries	22,625	16,190
Social security costs	2,231	1,097
Other pension costs (Note 22)	736	510
Share based payment expense	1,849	825
	27,441	18,622

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

	No.	No.
Operations	186	133
Sales and administrative	132	97
	318	230

Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 47 to 50.

7. Finance income and costs

Finance income	2023 £000	2022 £000
Bank interest receivable	283	21

Finance costs	2023 £000	2022 £000
Interest on bank loans (held at amortised cost)	3,069	1,139
Amortisation of deferred finance costs	805	182
Interest expense on lease liability (Note 19)	124	138
Other interest and charges	2	–
	4,000	1,459

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2023 £000	2022 (restated)* £000
Current tax:		
UK corporation tax on profit for the year	6,956	2,637
Adjustment in respect of previous periods	(216)	(218)
Foreign tax reliefs	(155)	–
Foreign tax	205	94
Exchange rate differences	–	3
Total current income tax	6,790	2,516
Deferred tax:		
Origination and reversal of temporary differences	(323)	981
Origination and reversal of temporary differences – prior periods	(533)	320
Effect of changes in tax rates	(20)	99
Exchange rate differences	–	(10)
Total deferred tax	(876)	1,390
Tax charge in the profit and loss account (Note 8(b))	5,914	3,906

* See Note 2.2 for an explanation of the prior year restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

8. Tax cont.

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.52% (2022: 19%). The differences are explained below:

	2023 £000	2022 (restated)* £000
Profit on ordinary activities before taxation	27,493	16,280
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)	6,466	3,093
Effects of:		
Expenses not deductible for tax purposes	885	112
Income not taxable	(64)	(88)
Gains/rollover relief	50	16
Effects of overseas tax rates	(972)	87
Adjustments in respect of previous periods	(745)	102
Tax rate changes	(21)	41
Share options	124	(17)
Movement in deferred tax not recognised	(102)	525
Exchange rate difference	(97)	47
Withholding taxes/State taxes	390	–
Super deduction relief	–	(12)
Tax charge	5,914	3,906

* See Note 2.2 for an explanation of the prior year restatement.

(c) Income tax payable

	2023 £000	2022 (restated)* £000
Income tax due	2,207	1,784

* See Note 2.2 for an explanation of the prior year restatement.

(d) Unrecognised tax losses

The Group has tax losses which arose in the UK, Canada and USA of £5,026,000 (2022: £11,447,000) that are available indefinitely for offset against future taxable profits of the 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 Group and they have arisen in subsidiaries that are loss making.

8. Tax cont.

(e) Deferred tax

Deferred tax included in the Group balance sheet is as follows:

	2023 £000	2022 (restated)* £000
Fixed asset timing differences	(6,464)	(2,088)
Short-term timing differences	1,321	376
Tax losses	546	1,071
Intangible asset timing differences	(4,369)	(1,421)
Deferred tax (liability)/asset	(8,966)	(2,062)
The recoverability of the deferred tax (liability)/asset is as follows:		
Current	–	85
Non-current	(8,966)	(2,147)
	(8,966)	(2,062)
Deferred tax is recognised on the balance sheet as follows:		
Non-current asset	52	–
Non-current liability	(9,018)	(2,062)
	(8,966)	(2,062)

* See Note 2.2 for an explanation of the prior year restatement.

Deferred tax included in the balance sheet and income statement for each type of temporary difference as at 31 December 2023, split by category:

	Opening (restated)* £000	Prior year adjustment £000	Revised opening £000	Income statement £000	Credited to equity £000	Current year acquisition £000	Foreign exchange £000	Closing £000
Fixed asset timing differences	(2,088)	221	(1,867)	237	–	(4,897)	63	(6,464)
Short-term timing differences	376	(13)	363	198	690	67	3	1,321
Tax losses	1,071	–	1,071	(481)	–	–	(44)	546
Intangible asset timing differences	(1,421)	324	(1,097)	369	–	(3,640)	(1)	(4,369)
Total	(2,062)	532	(1,530)	323	690	(8,470)	21	(8,966)

* See Note 2.2 for an explanation of the prior year restatement.

Deferred tax included in the balance sheet and income statement for each type of temporary difference as at 31 December 2022, split by category:

				Income statement				
	Opening (restated)* £000	Prior year adjustment £000	Revised opening £000	US net deferred tax liability recognised £000	Other (restated)* £000	Current year acquisition £000	Foreign exchange £000	Closing (restated)* £000
Fixed asset timing differences	863	(18)	845	(1,642)	(573)	(692)	(26)	(2,088)
Short-term timing differences	63	–	63	57	256	–	–	376
Tax losses	293	(83)	210	976	(115)	–	–	1,071
Intangible asset timing differences	(185)	–	(185)	(301)	(935)	–	–	(1,421)
Total	1,034	(101)	933	(910)	(1,367)	(692)	(26)	(2,062)
				(2,227)				

* See Note 2.2 for an explanation of the prior year restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

9. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year.

Diluted earnings per share

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. The Group has dilutive potential ordinary shares arising from share options granted to employees under the share schemes as detailed in Note 22 of these financial statements.

Adjusted earnings per share

Earnings attributable to ordinary shareholders of the Group for the year, adjusted to remove the impact of adjusting items and the tax impact of these, divided by the weighted average number of Ordinary Shares outstanding during the period.

	Adjusted 2023	Statutory 2023	Adjusted (restated)* 2022	Statutory (restated)* 2022
Earnings attributable to equity shareholders of the Group:				
Profit for the year (£000)	26,664**	21,579	15,329**	12,374
Number of shares:				
Weighted average number of Ordinary Shares at year end	79,873,733	79,873,733	79,582,000	79,582,000
Add dilutive effect of share based payment plans	1,095,629	1,095,629	1,097,071	1,097,071
Weighted average number of Ordinary Shares for calculating diluted earnings per share at year end	80,969,362	80,969,362	80,679,071	80,679,071
Earnings per share attributable to equity holders of the Group – continuing operations:				
Basic earnings per share (pence)	33.4	27.0	19.3	15.5
Diluted earnings per share (pence)	32.9	26.7	19.0	15.3

* See Note 2.2 for an explanation of the prior year restatement.
** Refer to Note 28 for the reconciliation of Alternative Performance Measures.

10. Dividends

The Board is pleased to propose a final dividend of 1.1p per share, which, if approved at the Annual General Meeting to be held on 30 May 2024, will be paid on 3 June 2024 with a record date of 3 May 2024. The shares will become ex-dividend on 2 May 2024. No interim dividend was paid in 2023.

A final dividend for 2022 of 1.0p per share was paid on 23 June 2023 totalling £796,000. The 2022 final dividend was approved at the Annual General Meeting on 8 June 2023, with a record date of 26 May 2023. The shares became ex-dividend on 25 May 2023. No interim dividend was paid in 2022.

11. Property, plant and equipment

	Assets held for rental £000	Assets under construction £000	Leasehold improvements £000	Freehold property £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost:							
At 1 January 2022	104,867	–	1,739	197	3,683	305	110,791
Acquisitions	10,984	–	409	–	443	29	11,865
Fair value adjustment on acquisitions	467	–	–	–	–	–	467
Additions	13,098	–	208	–	295	–	13,601
Disposals	(6,280)	–	(76)	–	(60)	(30)	(6,446)
Foreign exchange movements	5,937	–	85	–	170	35	6,227
At 31 December 2022	129,073	–	2,365	197	4,531	339	136,505
Accumulated depreciation:							
At 1 January 2022	(85,621)	–	(1,219)	(68)	(2,867)	(184)	(89,959)
Acquisitions	(5,920)	–	(338)	–	(267)	(21)	(6,546)
Fair value adjustment on acquisitions	(1,118)	–	–	–	(81)	–	(1,199)
Charge for the year	(6,892)	–	(253)	(8)	(311)	(37)	(7,501)
Disposals	5,613	–	43	–	46	29	5,731
Foreign exchange movements	(5,018)	–	(62)	–	(117)	(22)	(5,219)
At 31 December 2022	(98,956)	–	(1,829)	(76)	(3,597)	(235)	(104,693)
Net book value:							
At 31 December 2022	30,117	–	536	121	934	104	31,812

	Assets held for rental £000	Assets under construction £000	Leasehold improvements £000	Freehold property £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost:							
At 1 January 2023	129,073	–	2,365	197	4,531	339	136,505
Acquisitions (Note 27)	25,870	1,356	–	3,432	446	61	31,165
Fair value adjustment on acquisitions (Note 27)	(798)	(909)	–	(486)	365	(16)	(1,844)
Additions	19,137	59	42	–	386	–	19,624
Disposals	(10,712)	–	(196)	–	(205)	(9)	(11,122)
Foreign exchange movements	(1,908)	–	(31)	1	(56)	1	(1,993)
At 31 December 2023	160,662	506	2,180	3,144	5,467	376	172,335
Accumulated depreciation:							
At 1 January 2023	(98,956)	–	(1,829)	(76)	(3,597)	(235)	(104,693)
Charge for the year	(10,274)	–	(224)	(26)	(378)	(37)	(10,939)
Disposals	9,989	–	196	–	168	8	10,361
Foreign exchange movements	1,585	–	26	1	34	(3)	1,643
At 31 December 2023	(97,656)	–	(1,831)	(101)	(3,773)	(267)	(103,628)
Net book value:							
At 31 December 2023	63,006	506	349	3,043	1,694	109	68,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*

For the year ended 31 December 2023

12. Goodwill and intangible assets

	Goodwill £000	Customer relationships £000	Trade name £000	Non-compete arrangements £000	Documented processes £000	Computer software (restated)* £000	Total (restated)* £000
Cost:							
Restated at 1 January 2022	48,651	4,447	–	208	–	2,647	55,953
Acquisitions	16,852	4,414	–	274	–	–	21,540
Additions*	–	–	–	–	–	–	–
Foreign exchange movements	540	2	–	–	–	–	542
At 31 December 2022	66,043	8,863	–	482	–	2,647	78,035
Amortisation:							
Restated at 1 January 2022*	–	(3,710)	–	(176)	–	(2,647)	(6,533)
Charge for the year*	–	(839)	–	(39)	–	–	(878)
Foreign exchange movements	–	1	–	–	–	–	1
Restated at 31 December 2022*	–	(4,548)	–	(215)	–	(2,647)	(7,410)
Net book value:							
Restated at 31 December 2022*	66,043	4,315	–	267	–	–	70,625

* See Note 2.2 for an explanation of the prior year restatement.

	Goodwill £000	Customer relationships £000	Trade name £000	Non-compete arrangements £000	Documented processes £000	Computer software (restated)* £000	Total (restated)* £000
Cost:							
Restated at 1 January 2023*	66,043	8,863	–	482	–	2,647	78,035
Acquisitions (Note 27)	11,900	8,503	544	4,134	1,377	–	26,458
Additions	–	–	–	–	–	–	–
Foreign exchange movements	(204)	–	–	–	–	–	(204)
At 31 December 2023	**77,739**	**17,366**	**544**	**4,616**	**1,377**	**2,647**	**104,289**
Amortisation:							
At 1 January 2023	–	(4,548)	–	(215)	–	(2,647)	(7,410)
Charge for the year	–	(1,236)	(23)	(161)	(11)	–	(1,431)
Foreign exchange movements	–	–	–	–	–	–	–
At 31 December 2023	**–**	**(5,784)**	**(23)**	**(376)**	**(11)**	**(2,647)**	**(8,841)**
Net book value:							
At 31 December 2023	**77,739**	**11,582**	**521**	**4,240**	**1,366**	**–**	**95,448**

* See Note 2.2 for an explanation of the prior year restatement.

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 Survey Equipment Services LLC, Welaptega Marine Limited, Aqua-Tech Solutions LLC and its subsidiary Alpha Subsea LLC, Underwater Cutting Solutions Limited, WeSubsea AS and its subsidiary WeSubsea UK Limited, Hiretech Limited and Rathmay Limited and its subsidiaries Alfred Cheyne Engineering Limited, ACE Winches Inc, ACE Winches DMCC and ACE Winches Norge AS, as well as the acquisition of the trade and assets of Forum Subsea Rentals, a division of Forum Energy Technologies (UK) Limited, Forum Energy Asia Pacific PTE Ltd and Forum US, Inc.

12. Goodwill and intangible assets cont.

Impairment testing for CGUs containing goodwill

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

	2023 £000	2022 £000
Europe	64,173	52,271
Americas	6,390	6,591
Asia Pacific	5,346	5,351
Middle East	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 on each reporting date.

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 each reporting date is as follows:

	2023 £000	2022 £000
Europe:		
Post-tax discount rate	11.2%	12.8%
Terminal value growth rate	2%	2%
Forecast period	2 years	2 years
Americas:		
Post-tax discount rate	10.6%	12.8%
Terminal value growth rate	2%	2%
Forecast period	2 years	2 years
Asia Pacific:		
Post-tax discount rate	10.6%	12.8%
Terminal value growth rate	2%	2%
Forecast period	2 years	2 years
Middle East:		
Post-tax discount rate	11.2%	12.8%
Terminal value growth rate	2%	2%
Forecast period	2 years	2 years

Key assumptions used in value in use calculations

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).

The calculation is most sensitive to the following assumptions:

- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

The discount rate applied to each CGU represents a post-tax rate that reflects the market assessment of the time value of money as at 31 December 2023. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC), adjusted for the regional risk premium. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a post-tax discount rate.

Sensitivity analysis shows that a post-tax discount rate higher than 22.4% would be required to start to indicate impairment.

Growth rate estimates are based on published industry research.

Sensitivity analysis shows that a terminal value growth rate lower than -15.8% would be required to start to indicate impairment.

Sensitivity analysis has been performed in respect of the key assumptions above with no impairment identified from the sensitivities performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*

For the year ended 31 December 2023

13. Inventories

	2023 £000	2022 £000
Raw materials and consumables	4,064	1,865

The cost of inventories recognised as an expense and included in cost of sales during the year is disclosed in Note 5. The impairment loss recognised as an expense during the year is disclosed in Note 5.

14. Trade and other receivables

	2023 £000	2022 (restated)* £000
Trade receivables (Note 24(a))	23,139	16,494
Prepayments	2,815	1,725
Contract assets	473	–
Accrued income	5,588	1,565
	32,015	19,784

* See Note 2.2 for an explanation of the prior year restatement.

The Directors consider that the carrying amount of trade receivables and accrued income approximates to fair value.

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

15. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank	10,818	9,031
Cash in hand	6	6
Cash and cash equivalents	10,824	9,037

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

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

	2023 £000	2022 £000
US dollar denominated balances	2,399	1,819
Singapore dollar denominated balances	819	982
Canadian dollar denominated balances	121	170
AED denominated balances	117	319
Norwegian krone denominated balances	1,126	127
Euro denominated balances	138	–
	4,720	3,417

All other balances are denominated in sterling.

16. Trade and other payables

	2023 £000	2022 £000
Trade payables	9,721	5,896
Accruals	22,300	13,137
Amounts due to related parties (Note 25)	–	101
	32,021	19,134

The Directors consider that the carrying amount of trade and other payables equates to fair value. The amounts due to related parties bear no interest, and are due on demand.

The Group's exposure to currency and liquidity risks is included in Note 24.

17. Loans and borrowings

	2023 £000	2022 £000
Current		
Bank loans (held at amortised cost)	–	–
Finance lease liability	23	–
	23	–
Non-current		
Bank loans (held at amortised cost)	69,665	34,865
Finance lease liability	8	–
	69,673	34,865

Until refinancing on 5 April 2023 the bank loans comprise a revolving credit facility which carried interest at SONIA plus 2.2%. The lenders were HSBC Bank plc and Clydesdale Bank plc. The Facility Agreement was subject to a leverage covenant of 2.5x and an interest cover covenant of 4:1. The total commitments was £60,000,000 for the RCF. A non-utilisation fee of 0.88% was charged on the non-utilised element of the RCF facility. The revolving credit facility was fully repayable by November 2025.

Due to refinancing on 5 April 2023, the revolving credit facility was increased from £60,000,000 to £100,000,000 and the accordion facility was increased from £nil to £50,000,000, and the repayment date was extended from November 2025 to April 2027 with an option to extend the facilities by one year. The accordion facility is subject to credit approval. ABN AMRO Bank N.V. and Citibank N.A. joined HSBC UK Bank plc and Clydesdale Bank plc as lenders. The interest rate increased from SONIA plus 2.2% to SONIA plus 2.25%, the non-utilisation rate decreased from 0.88% to 0.7875% and leverage covenant increased from 2.5x to 3.0x. Due to the quantitative and qualitative differences in the two facilities, the previous facility has been treated as being extinguished and as a result, unamortised deferred finance costs of £522,000 were written off in 2023, as disclosed in Note 28, and deferred finance costs of £1,241,000 were capitalised during 2023, as disclosed in the consolidated cash flow statement. The cash flow does not include the repayment of the previous facility or the drawdown of the new facility as there were no cash flows associated with the refinance.

At 31 December 2023 the bank loans comprise a revolving credit facility of £70,675,000 (2022: £35,438,000) which carried interest at SONIA plus 2.25%. The lenders are ABN AMRO Bank N.V., Citibank N.A., Clydesdale Bank plc and HSBC Bank plc. The Facility Agreement is subject to a leverage covenant of 3.0x and an interest cover covenant of 4:1. The total commitments are £100,000,000 (2022: £60,000,000) for the RCF and an additional £50,000,000 (2022: £nil) accordion facility. As at 31 December 2023 the RCF had an undrawn balance of £29,325,000 (2022: £24,562,000) and the £50,000,000 accordion facility was undrawn (2022: fully drawn). The accordion facility is subject to credit approval. A non-utilisation fee of 0.7875% is charged on the non-utilised element of the RCF facility. On 20 March 2024 the revolving credit facility was extended by 12 months and is fully repayable by April 2028.

Certain companies within the Group joined in cross guarantees with respect to bank loans totalling £70,675,000 (2022: £35,438,000) advanced to Ashtead Technology Limited and Ashtead Technology Offshore Inc. The lenders have a floating charge over the assets of certain entities within the Group.

At 31 December 2023 the finance lease liability of £31,000 (2022: £nil) relates to the financing of certain IT equipment and carried interest at a fixed rate of 6.67%. The lender is Wesleyan Bank and will be repaid in full by May 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

17. Loans and borrowings cont.

Bank loans are repayable as follows:

	2023 £000	2022 £000
Within one year	–	–
Within one to two years	–	–
Within two to three years	–	35,438
Within three to four years	–	–
Within four to five years	70,675	–
	70,675	35,438
Deferred finance costs	(1,010)	(573)
	69,665	34,865

During the year drawdowns totalling £62,014,000 (2022: £31,000,000) and repayments totalling £26,587,000 (2022: £21,727,000) were made from/to the RCF.

Finance lease liability is repayable as follows:

	2023 £000	2022 £000
Within one year	23	–
Within one to two years	8	–
	31	–

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

	2023	2022
Weighted average interest rates	8.11%	4.36%

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

18. Financing liabilities reconciliation

	1 January 2022 £000	Cash flows £000	Acquisitions £000	Interest (paid)/ received £000	Other non-cash changes £000	Changes in exchange rates £000	31 December 2022 £000
Cash at bank and in hand	4,857	(3,918)	7,938	21	(21)	160	9,037
Bank loans	(24,425)	(9,045)	–	(1,132)	950	(1,213)	(34,865)
Lease liabilities	(3,134)	1,064	–	–	(433)	(353)	(2,856)
Net debt	(22,702)	(11,899)	7,938	(1,111)	496	(1,406)	(28,684)

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

	1 January 2023 £000	Cash flows £000	Acquisitions £000	Interest (paid)/ received £000	Other non-cash changes £000	Changes in exchange rates £000	31 December 2023 £000
Cash at bank and in hand	9,037	(7,759)	10,065	283	(283)	(519)	10,824
Bank loans	(34,865)	(34,186)	–	(3,062)	2,257	191	(69,665)
Lease liabilities	(2,856)	1,199	(220)	–	(946)	13	(2,810)
Finance lease liability	–	2	(33)	(2)	2	–	(31)
Net debt	(28,684)	(40,744)	9,812	(2,781)	1,030	(315)	(61,682)

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

19. Leases

Leases as lessee

The Group leases warehouses, offices and other facilities in different locations (UK, UAE, Singapore, Canada, USA, Norway). The lease terms range from 2 to 15 years with an option to renew available for some of the leases. The 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 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 the consolidated balance sheet

Right-of-use assets	Property leases £000
Balance at 1 January 2022	2,923
Additions to right-of-use assets	571
Depreciation charge for the year	(930)
Effects of movements in exchange rates	67
Balance at 31 December 2022	2,631
Additions to right-of-use assets	1,070
Depreciation charge for the year	(1,090)
Effects of movements in exchange rates	(27)
Balance at 31 December 2023	**2,584**

Lease liabilities:	Property leases 2023 £000	Property leases 2022 £000
Current	1,154	865
Non-current	1,656	1,991
Total lease liabilities	2,810	2,856

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

b) Amounts recognised in the income statement

	2023 £000	2022 £000
Depreciation charge	1,090	930
Interest expense on lease liability	124	138
Expenses relating to short-term leases	254	172
Total amount recognised in the income statement	1,468	1,240

c) Amounts recognised in the cash flow statement

	2023 £000	2022 £000
Total cash payments for leases	1,323	1,202

Leases as a lessor

The Group leases out equipment to its customers. The lease period is short term which ranges from weeks to multiple 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 Group as a lessor recognises lease payments received from operating leases as income on a straight-line basis. Increases (or decreases) 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 4).

Where leased equipment is lost, given up or damaged beyond repair by third-party customers, they are invoiced for compensation under the rental contract. The gross compensation proceeds are disclosed in the consolidated cash flow statement and the gain on sale of property, plant and equipment is disclosed in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

20. Provisions for liabilities

	Warranty provision £000	End of service benefits £000	Total £000
At 1 January 2022	–	108	108
Charge for the year	–	30	30
Paid during the year	–	(34)	(34)
Movement in foreign exchange	–	13	13
At 31 December 2022	–	117	117
Acquired with acquisition	195	–	195
Charge for the year	–	48	48
Paid during the year	–	–	–
Movement in foreign exchange	–	(4)	(4)
At 31 December 2023	**195**	**161**	**356**

Warranty provision

The provision relates to warranties provided to customers on certain manufactured products for 12-24 months. The cost of the warranties is accrued upon recognition of the sale of the product. The costs are estimated based on actual historical expenses incurred and on estimated future expenses related to current sales. Actual warranty costs are charged against the warranty provision.

End of service benefits

The provision relates 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 that time. The provision is calculated on the impacted employees' length of service and salary at the balance sheet date

.21. Capital commitments

	2023 £000	2022 £000
Capital expenditure contracted for but not provided	4,307	689

22. Employee benefits

Share based payments

The IPO LTIP awards were granted on 5 September 2022 and comprise three equal tranches, with the first tranche vested on the publication of the Annual Report for the year ended 31 December 2022, the second tranche vesting on the publication of the Annual Report for the year ended 31 December 2023 and the third tranche vesting on the publication of the Annual Report for the year ended 31 December 2024. Certain senior managers from various Group companies are eligible for nil cost share option awards with Ashtead Technology Holdings plc granting the awards and on exercise, the awards will be equity settled with Ordinary Shares in Ashtead Technology Holdings plc. The IPO LTIP share awards vesting is subject to the achievement of a target annual Adjusted EPS and participants remaining employed by the Group over the vesting period.

The outstanding number of awards at 31 December 2023 is 1,011,329 (2022: 1,097,751).

Share based payments	Tranche 1	Tranche 2	Tranche 3
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price (pence)	260.5	260.5	260.5
Exercise price (pence)	0	0	0
Expected dividend yield	0.76%	0.81%	0.85%
Expected volatility	41.93%	41.93%	41.93%
Risk-free interest rate	2.79%	3.14%	3.04%
Expected term (years)	0.67	1.67	2.67
Weighted average fair value (pence)	259.2	257.0	254.7
Attrition	5%	5%	5%
Weighted average remaining contractual life (years)	8.67	8.67	8.67

The expected volatility has been calculated using the Group's historical market data history since IPO in 2021.

Share based payments	Number of shares	Weighted average exercise price (£)
Outstanding at beginning of the year	1,097,751	–
Granted	–	–
Exercised	(86,422)	£3.756
Forfeited	–	–
Outstanding at the end of the year	1,011,329	–
Exercisable at the end of the year	279,497	–

Share based payments expense recognised in the consolidated income statement for 31 December 2023 totals £1,997,000 (2022: £825,000), inclusive of employer's national insurance contributions of £563,000 (2022: £84,000).

2023 LTIP awards

The 2023 LTIP awards were granted on 4 May 2023, with vesting on the announcement of the annual results for the year ended 31 December 2025. Certain senior managers from various Group companies are eligible for nil cost share option awards with Ashtead Technology Holdings plc granting the awards and on exercise, the awards will be equity settled with Ordinary Shares in Ashtead Technology Holdings plc. The share awards vesting are subject to the achievement of agreed Adjusted EPS, ROIC and Total Shareholder Return (TSR) targets and participants remaining employed by the Group over the vesting period.

The outstanding number of awards at 31 December 2023 is 438,622 (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

22. Employee benefits cont.

Share based payments cont.

Share based payments	EPS	ROIC	TSR
Valuation model	Black-Scholes	Black-Scholes	Monte Carlo
Weighted average share price (pence)	379.0	379.0	379.0
Exercise price (pence)	0	0	0
Expected dividend yield	0.0%	0.0%	0.0%
Expected volatility	40.17%	40.17%	40.17%
Risk-free interest rate	3.71%	3.71%	3.71%
Expected term (years)	3.02	3.02	3.02
Weighted average fair value (pence)	379.0	379.0	298.0
Attrition	5%	5%	5%
Weighted average remaining contractual life (years)	9.34	9.34	9.34

The expected volatility has been calculated using the Group's historical market data history since IPO in 2021.

Share based payments	Number of shares	Weighted average exercise price (£)
Outstanding at beginning of the period	–	–
Granted	438,622	–
Exercised	–	–
Forfeited	–	–
Outstanding at the end of the period	438,622	–
Exercisable at the end of the period	–	–

Share based payments expense recognised in the consolidated income statement during the period was £499,000 (2022: £nil), inclusive of employer's national insurance contributions of £84,000 (2022: £nil).

Defined contribution scheme

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the income statement in the year ended 31 December 2023 was £736,000 (2022: £510,000). There was a balance outstanding of £171,000 in relation to pension liabilities at 31 December 2023 (2022: £134,000).

23. Share capital and reserves

The Group considers its capital to comprise its invested capital, called up share capital, merger reserve, retained earnings and foreign exchange translation reserve. Quantitative detail is shown in the consolidated statement of changes in equity. The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders.

Called up share capital

	31 December 2023		31 December 2022	
Allotted, called up and fully paid	No.	£000	No.	£000
Ordinary Shares of £0.05 each	79,947,919	3,997	79,582,000	3,979
		3,997		3,979

Ordinary Share capital represents the number of shares in issue at their nominal value. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 13 March 2023, the Company issued 365,919 newly authorised shares at a subscription price of £0.05 (being nominal value) to the Employee Benefit Trust in anticipation of the vesting of the first tranche of IPO LTIP share options. The shares are held by the Employee Benefit Trust on the behalf of certain option holders and are non-voting until each of the option holders choose to exercise their options at which point they are transferred to the option holder and become voting shares. As of 31 December 2023, 279,497 shares (2022: nil) were held by the Company's Employee Benefit Trust.

Share premium

Share premium represents the amount over the par value which was received by the Group upon the sale of the Ordinary Shares.

Merger reserve

The merger reserve was created as a result of the share-for-share exchange under which Ashtead Technology Holdings plc became the parent undertaking prior to the IPO. Under merger accounting principles, the assets and liabilities of the subsidiaries were consolidated at book value in the Group financial statements and the consolidated reserves of the Group were adjusted to reflect the statutory share capital, share premium and other reserves of the Company as if it had always existed, with the difference presented as the merger reserve.

Share based payment reserve

The share based payment reserve is built up of charges in relation to equity settled share based payment arrangements which have been recognised within the consolidated income statement.

Foreign currency translation reserve

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the 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.

Retained earnings

The movement in retained earnings is as set out in the consolidated statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

24. Financial instruments

Financial risk management

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the 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 Group's activities.

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

The credit risk on liquid funds held with HSBC, Bank of Montreal and The Royal Bank of Scotland is considered to be low. The long-term credit rating for HSBC is AA-/A+ per Fitch/Standard & Poor's. The long-term credit rating for Bank of Montreal is AA-/A+ per Fitch/Standard & Poor's. The long-term credit rating for The Royal Bank of Scotland is A+/A+ per Fitch/Standard & Poor's.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The 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 management.

Trade receivables and accrued income

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and action is taken through an escalation process in relation to slow or non-payment of invoices. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to ongoing enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and accrued income as low, as exposure is spread over a large number of customers.

The 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.

Trade receivables	2023 £000	2022 £000
Current (not past due)	9,087	6,955
Past due 0-90 days	14,823	9,738
Past due 91-180 days	723	427
Past due 181-270 days	54	153
Past due 271-365 days	179	625
More than 365 days	2,012	1,514
	26,878	19,412

24. Financial instruments cont.

a) Credit risk cont.

Trade receivables and accrued income cont.

The following table details the risk profile of trade receivables based on Group's provision matrix:

	Trade receivables – Days past due						
As at 31 December 2023	Not past due £000	<90 £000	91-180 £000	181-270 £000	271-360 £000	>360 £000	Total £000
Expected credit loss rate	0.8%	0.8%	2.9%	23.4%	53.9%	84.2%	7.5%
Estimated gross carrying amount at default	9,087	14,823	723	54	179	2,012	26,878
Lifetime ECL	72	117	21	13	96	1,694	2,013
Specific provision	395	575	278	96	67	315	1,726
	467	692	299	109	163	2,009	3,739

	Trade receivables – Days past due						
As at 31 December 2022	Not past due £000	<90 £000	91-180 £000	181-270 £000	271-360 £000	>360 £000	Total £000
Expected credit loss rate	1.1%	1.3%	5.6%	20.8%	58.5%	77.8%	9.3%
Estimated gross carrying amount at default	6,955	9,738	427	153	625	1,514	19,412
Lifetime ECL	73	123	24	32	366	1,178	1,796
Specific provision	200	206	22	84	264	346	1,122
	273	329	46	116	630	1,524	2,918

Accrued income is current and is fully invoiced within a month of year end, once invoiced its original ageing is retained and provided for in line with the above matrix.

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:

Movement in provision for doubtful debts	£000
Balance at 1 January 2022	(1,824)
Increase in allowance recognised in profit or loss during the year	(810)
Trade receivables written off during the year as uncollectible	(284)
At 31 December 2022	(2,918)
Acquired with acquisition	(421)
Increase in allowance recognised in profit or loss during the year	(501)
Trade receivables written off during the year as uncollectible	101
At 31 December 2023	**(3,739)**

Cash and cash equivalents

The Group held cash and cash equivalents and other bank balances of £10,824,000 at 31 December 2023 (2022: £9,037,000). The cash and cash equivalents are held with the HSBC Bank plc, Bank of Montreal and The Royal Bank of Scotland plc.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The 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 Group's reputation. The Group utilises both long and short-term borrowing facilities.

Cash flow forecasting is performed centrally with rolling forecasts of the Group's liquidity requirements regularly monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model results in a strong level of cash conversion allowing it to service working capital requirements.

The Group has access to a multi-currency RCF facility which has total commitments of £100,000,000 at 31 December 2023 plus an accordion facility of £50,000,000. As at 31 December 2023 the RCF had an undrawn balance of £29,325,000 and the accordion facility had an undrawn balance of £50,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

24. Financial instruments cont.

b) Liquidity risk cont.

Maturities of financial liabilities

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

As at 31 December 2022	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
		Contractual cash flows				
Non-derivative financial liabilities						
Bank loans	34,865	35,438	–	–	35,438	–
Trade and other payables	19,134	19,134	19,134	–	–	–
Lease liabilities	2,856	3,031	955	722	1,290	64
	56,855	57,603	20,089	722	36,728	64

As at 31 December 2023	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
		Contractual cash flows				
Non-derivative financial liabilities						
Bank loans	69,665	70,675	–	–	70,675	–
Trade and other payables	32,021	32,021	32,021	–	–	–
Lease liabilities	2,810	3,040	1,255	798	864	123
Finance lease liability	31	32	23	9	–	–
	104,527	105,768	33,299	807	71,539	123

Based on the RCF balance and the interest rate prevailing at 31 December 2023, the outstanding balance would attract interest at £5,519,000 (2022: £2,307,000) per annum until repaid.

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 Group's income or the value of its holdings of financial instruments. The 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 Group's activities expose it primarily to the financial risks of movements in foreign currency exchange rates. The Group monitors net currency exposures and hedges as necessary.

The individual Group entities do not have significant financial assets and liabilities denominated in currencies other than their functional currency (2022: insignificant) and immaterial impact from the sensitivity analysis, therefore disclosures relating regarding exposure to foreign currencies and sensitivity analysis have not been included.

Interest rate 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 and loans. Cash flow interest rate risk is the risk that the future cash flows of floating interest-bearing investments and loans will fluctuate because of fluctuations in the interest rates.

The Group is exposed to interest rate movements on its external bank borrowing. Based on average loans and borrowings, an increase/(decrease) of 1.0% in effective interest rates would increase/(decrease) the interest charged to the income statement by £707,000 (2022: £354,000).

d) Capital risk management

The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard the Group's 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 Group manages its capital structure and makes adjustments to it with respect to changes in economic conditions and strategic objectives.

As at 31 December 2023, the Group had gross borrowings of £70,675,000 through its RCF and a cash and cash equivalents balance of £10,824,000. Currently interest is payable on the RCF at a rate of SONIA plus 2.25%. The Group remains in compliance with its banking covenants.

25. Related parties

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

Key managerial personnel

Allan Pirie
Ingrid Stewart
Bill Shannon
Joe Connolly (resigned 18 December 2023)
Tony Durrant
Thomas Thomsen
Jean Cahuzac (appointed 20 March 2024)

Transactions during the period with related parties:

	2023 £000	2022 £000
Compensation to key management personnel		
Short-term employee benefits	1,463	1,062
Share based payment charges	1,369	491

Full details of the Directors' remuneration and interests are set out in the Remuneration Committee report on pages 47 to 50.

Directors' interests in the Ordinary Shares of the Group are included in the Directors' Report on page 51.

Entity with significant influence over the Group

There are no entities with significant influence over the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

26. Group structure
A full list of subsidiary undertakings of Ashtead Technology Holdings plc as defined by IFRS as at 31 December 2023 is disclosed below.

		Equity interest at	
Name of the Group company	Country of incorporation	2023	2022
BP INV2 Pledgeco Limited[1]	England & Wales	100%	100%
Ashtead US Pledgeco Inc[4]	USA	100%	100%
Amazon Acquisitions Limited*[1]	England & Wales	100%	100%
Ashtead Technology (South East Asia) PTE Limited*[2]	Singapore	100%	100%
Ashtead Technology Limited*[3]	Scotland	100%	100%
TES Survey Equipment Services LLC*[5]	UAE	100%	100%
Ashtead Technology Offshore Inc*[4]	USA	100%	100%
Ashtead Technology (Canada) Limited (formerly Welaptega Marine Limited)*[6]	Canada	100%	100%
Aqua-Tech Solutions LLC*[4]^^^^	USA	–	100%
Alpha Subsea LLC*[4]^^^^	USA	–	100%
Underwater Cutting Solutions Ltd*[1]	England & Wales	100%	100%
WeSubsea AS*[7]^	Norway	–	100%
WeSubsea UK Limited*[3]^^	Scotland	–	100%
Hiretech Limited*[3]^^^	Scotland	–	100%
Rathmay Limited*[3]^^^^^	Scotland	100%	–
Alfred Cheyne Engineering Limited*[3]^^^^^	Scotland	100%	–
ACE Winches Inc*[8]^^^^^	USA	100%	–
ACE Winches DMCC*[9]^^^^^	UAE	100%	–
ACE Winches Norge AS*[10]^^^^^	Norway	100%	–

* Shares held by a subsidiary undertaking.
1 The registered address of the subsidiary is 1 Gateshead Close, Sunderland Road, Sandy, Bedfordshire, SG19 1RS, United Kingdom.
2 The registered address of the subsidiary is 80 Raffles Place, #32-01 UOB Plaza 1, Singapore, 048624.
3 The registered address of the subsidiary is Ashtead House, Discovery Drive, Arnhall Business Park, Westhill, AB32 6FG, United Kingdom.
4 The registered address of the subsidiary is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, USA.
5 The registered address of the subsidiary is Warehouse B301, Plot M29, ICAD III, Musaffah, Abu Dhabi, UAE.
6 The registered address of the subsidiary is 238 Brownlow Avenue, Unit 103, Dartmouth, Nova Scotia, B3B 1Y2, Canada.
7 The registered address of the subsidiary is Bryggegata 6, 0250 Oslo, Norway.
8 The registered address of the subsidiary is 5151 San Felipe, Suite 800, Houston, Texas, 77056, USA.
9 The registered address of the subsidiary is Unit No 3303, Mazaya Business Avenue BB2, Jumeirah Lakes Towers, Dubai, UAE
10 The registered address of the subsidiary is Bekhuskaien 1, 4014 Stavanger, Norway.
^ During 2023 the trade and assets of WeSubsea AS were hived up into Ashtead Technology Limited and WeSubsea AS was liquidated on 14 December 2023.
^^ During 2023 the trade and assets of WeSubsea UK Limited were hived up into Ashtead Technology UK Limited and WeSubsea UK Limited was liquidated on 19 September 2023.
^^^ During 2023 the trade and assets of Hiretech Limited were hived up into Ashtead Technology Limited and Hiretech Limited was liquidated on 29 September 2023.
^^^^ On 10 March 2023, Alpha Subsea LLC was merged into Aqua-Tech Solutions LLC and thereafter Aqua-Tech Solutions LLC was merged into Ashtead Technology Offshore Inc.
^^^^^ On 30 November 2023, the Group acquired 100% of the issued share capital of Rathmay Limited and its subsidiaries Alfred Cheyne Engineering Limited, ACE Winches Inc, ACE Winches DMCC and ACE Winches Norge AS, companies whose primary activity is the design, manufacture and hire of lifting, pulling and deployment solutions to support the installation, inspection, maintenance & repair and decommissioning of offshore energy infrastructure.

27. Business combinations

Acquisition of Rathmay Limited

On 30 November 2023, the Group acquired 100% of the issued share capital of Rathmay Limited and its subsidiaries Alfred Cheyne Engineering Limited, ACE Winches Inc, ACE Winches DMCC and ACE Winches Norge AS (collectively "ACE Winches"), companies whose primary activity is the design, manufacture and hire of lifting, pulling and deployment solutions to support the installation, inspection, maintenance & repair and decommissioning of offshore energy infrastructure.

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

	Book value £000	Adjustments £000	Fair value to the Group £000
Property, plant and equipment	30,916	(1,595)	29,321
Intangible assets	–	14,558	14,558
Right of use assets	229	–	229
Inventories	2,069	–	2,069
Trade and other receivables	12,089	–	12,089
Cash	10,065	–	10,065
Total assets	**55,368**	**12,963**	**68,331**
Trade and other payables	6,659	–	6,659
Income tax payable	474	–	474
Loans and borrowings	33	–	33
Lease liabilities	220	–	220
Deferred tax liability	2,793	6,200*	8,993
Provisions for liabilities	195	–	195
Total liabilities	**10,374**	**6,200**	**16,574**
Net assets	**44,994**	**6,763**	**51,757**
Goodwill			11,900
			63,657
Satisfied by:			
Cash**			52,653
Loan repayment			11,004
			63,657
Cash acquired			(10,065)
Cash outflow on acquisition of subsidiary undertaking			**53,592**

* The adjustment to the deferred tax liability includes £2,519,000 related to a revaluation of property, plant and equipment in 2021 that was not included in the financial statements of ACE Winches.

** Of the total cash consideration of £52,653,000, £48,570,000 was paid in 2023 and £4,083,000 is due to be paid in 2024.

The Group incurred acquisition-related expenditure of £2,533,000 on legal fees and due diligence costs. These costs have been expensed to the consolidated income statement and included in 'Administrative expenses'.

In the year ended 31 December 2023, revenue of £3,825,000 and operating profit of £1,133,000 was included in the Consolidated Income Statement in respect of ACE Winches. If the acquisition had occurred on 1 January 2023, management estimates that the consolidated revenue would have been £149,613,000 and the consolidated operating profit for the year would have been £40,948,000. 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 2023.

The goodwill reflects the significant opportunity for future growth in integrating ACE Winches, increasing rental equipment and solutions to both new and existing customers through utilising ACE Winches' in-house technical knowledge, and increasing cross selling opportunities to our combined customer base. In addition, there is an opportunity to increase ACE Winches' international presence and exposure through Ashtead Technology's existing international network. The wider synergies for the Group will be achieved by broadening the rental fleet, investing further in our people, and increasing our service offering which will broaden our customer relationships and increase customer retention.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

28. Reconciliation of Alternative Performance Measures

Reconciliation of Adjusted EBITDA

For the year ended 31 December

	Notes	2023 £000	2022 (restated)* £000
Adjusted EBITDA		48,253	28,282
Cost associated with M&A	27	(2,533)	(787)
Restructuring costs		(216)	(28)
Software development costs		(683)	(401)
Other exceptional costs		(380)	(36)
Operating profit before depreciation, amortisation and foreign exchange loss		44,441	27,030
Depreciation on property, plant and equipment	11	(10,939)	(7,501)
Depreciation on right-of-use asset	19	(1,090)	(930)
Operating profit before amortisation and foreign exchange loss		32,412	18,599
Amortisation of intangible assets	12	(1,431)	(878)
Foreign exchange gain/(loss)	5	229	(3)
Operating profit		31,210	17,718

* See Note 2.2 for an explanation of the prior year restatement.

Reconciliation of Adjusted EBITA

For the year ended 31 December

	Notes	2023 £000	2022 (restated)* £000
Adjusted EBITA		36,224	19,851
Cost associated with M&A	27	(2,533)	(787)
Restructuring costs		(216)	(28)
Software development costs		(683)	(401)
Other exceptional costs		(380)	(36)
Amortisation of intangible assets	12	(1,431)	(878)
Foreign exchange gain/(loss)	5	229	(3)
Operating profit		31,210	17,718

* See Note 2.2 for an explanation of the prior year restatement.

Reconciliation of Adjusted Profit Before Tax

For the year ended 31 December

	Notes	2023 £000	2022 (restated)* £000
Adjusted Profit Before Tax		33,029	18,413
Cost associated with M&A	27	(2,533)	(787)
Restructuring costs		(216)	(28)
Software development costs		(683)	(401)
Deferred finance cost write off		(522)	–
Other exceptional costs		(380)	(36)
Foreign exchange gain/(loss)	5	229	(3)
Amortisation of intangible assets	12	(1,431)	(878)
Profit for the financial year		27,493	16,280

* See Note 2.2 for an explanation of the prior year restatement.

28. Reconciliation of Non-IFRS Profit Metrics cont.

Reconciliation of Adjusted Profit After Tax

For the year ended 31 December

	Notes	2023 £000	2022 (restated)* £000
Adjusted Profit After Tax		26,664	15,329
Cost associated with M&A	27	(2,533)	(787)
Restructuring costs		(216)	(28)
Software development costs		(683)	(401)
Deferred finance cost write off		(522)	–
Other exceptional costs		(380)	(36)
Foreign exchange gain/(loss)	5	229	(3)
Amortisation of intangible assets	12	(1,431)	(878)
Tax impact of the adjustments above		451	88
Deferred tax arising from temporary timing differences on intangible assets		–	(910)
Profit for the financial year		21,579	12,374

* See Note 2.2 for an explanation of the prior year restatement.

Adjusted Profit After Tax is used to calculate the Adjusted basic earnings per share and Adjusted diluted earnings per share in Note 9.

Throughout the annual report we use a range of financial and non-financial measures to assess our performance. A number of the financial measures including Adjusted EBITDA, Adjusted EBITA, Adjusted Profit Before Tax, Adjusted Profit After Tax and Adjusted EPS are not defined under IFRS, so they are considered alternative performance measures ("APMs").

Management uses these measures to monitor the Group's financial performance alongside IFRS measures because they help illustrate the underlying financial performance and position of the Group. We use these measures, which are common across the industry, for planning and reporting purposes. These measures are also used in discussions with the investment analyst community and credit rating agencies. Where relevant, the APMs exclude non-recurring and non-trading related items to aid comparability with prior year metrics. We have explained the purpose of each of these measures throughout the strategic report and included definitions on page 111. Management uses APMs as they measure business performance in a more consistent way.

These APM's should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position of cash flows reported in accordance with IFRS. APM's are not uniformly defined by all companies, including those in the Group's industry. Accordingly, APM's may not be comparable with similarly titled measures and disclosures by other companies.

29. Subsequent events

On 1 March 2024, the name of Ace Winches Norge AS was changed to Ashtead Technology AS.

On 20 March 2024 the term of the revolving credit facility and accordion facility was extended by 1 year and is fully repayable by April 2028.

COMPANY BALANCE SHEET
At 31 December 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Investments	4	44,851	43,140
Deferred tax asset	5	29	85
Trade and other receivables	6	16,726	15,287
		61,606	58,512
Current assets			
Trade and other receivables	6	7	–
		7	–
Total assets		61,613	58,512
Current liabilities			
Trade and other payables	7	32	16
		32	16
Total liabilities		32	16
Equity			
Share capital	8	3,997	3,979
Share premium	8	14,115	14,115
Merger reserve	8	38,318	38,318
Share based payment reserve	8	2,538	827
Retained earnings	8	2,613	1,257
Total equity		61,581	58,496
Total equity and liabilities		61,613	58,512

The accompanying notes are an integral part of the Company financial statements.

As permitted by Section 408 of the Companies Act 2006, the profit and loss of the Company has not been presented in these financial statements. The profit for the year ended 31 December 2023 dealt with in the financial statements of the Company was £2,152,000 (2022: £3,738,000).

The financial statements were approved by the Board of Directors of Ashtead Technology Holdings plc (registered number 13424040) on 15 April 2024 and were signed on its behalf by:

Allan Pirie
Chief Executive Officer
15 April 2024

Ingrid Stewart
Chief Financial Officer
15 April 2024

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital £000	Share premium £000	Merger reserve £000	Share based payment reserve £000	Retained earnings £000	Total £000
At 1 January 2022	3,979	14,115	38,318	–	(2,481)	53,931
Profit for the year	–	–	–	–	3,738	3,738
Total comprehensive income	–	–	–	–	3,738	3,738
Share based payment charge	–	–	–	827	–	827
At 31 December 2022	3,979	14,115	38,318	827	1,257	58,496
Profit for the year	–	–	–	–	2,152	2,152
Total comprehensive income	–	–	–	–	2,152	2,152
Share based payment charge	–	–	–	1,711	–	1,711
Issue of shares	18	–	–	–	–	18
Dividends paid	–	–	–	–	(796)	(796)
At 31 December 2023	**3,997**	**14,115**	**38,318**	**2,538**	**2,613**	**61,581**

The accompanying notes are an integral part of the Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. Basis of preparation

Ashtead Technology Holdings plc ("the Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on AIM. The financial statements of the Company as at and for the year ended 31 December 2023 are presented under the Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The prior year comparatives are for the year ended 31 December 2022. The Company is domiciled in the United Kingdom and its registered address is 1 Gateshead Close, Sunderland Road, Sandy, Bedfordshire, SG19 1RS, United Kingdom.

The Company's financial statements are prepared under FRS 101 and take the available exemptions from FRS 101 in conformity with Companies Act 2006 as noted below:

- a cash flow statement and related notes;
- comparative period reconciliations;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- disclosures in respect of capital management;
- disclosures in respect of financial instruments;
- disclosures in respect of fair value measurement;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures under IFRS 2 related to Group-settled share based payments.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities.

The Company financial statements have been prepared in sterling, which is the functional and presentational currency of the Company. All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the Company and the consolidated Group, of which the Company is the ultimate parent, will continue in operation for a period not less than 12 months from the date of this report.

Subsidiary audit exemption

Ashtead Technology Holdings plc (company registration number 13424040) has issued a parental company guarantee under s479A of the Companies Act 2006 dated 31 December 2023. As a result, for the year ended 31 December 2023, Underwater Cutting Solutions Limited (company registration number 05031272) is entitled to exemption from audit.

2. Accounting policies

Investments

Investments in subsidiaries are measured at cost less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

The cost of investments in subsidiaries is determined by the historical cost of investments in the subsidiaries of the Group transferred from the previous owning entities, including transaction costs.

Trade and other receivables

Trade and other receivables are non-derivative financial assets that are primarily held in order to collect contractual cash flows and are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses.

Trade and other payables

Trade and other payables are non-derivative financial liabilities that are stated at amortised cost using the effective interest method and are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2. Accounting policies cont.

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share based payments

The Group has equity settled compensation plans. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. Fair value is measured by the use of the Black-Scholes option pricing model.

In the Company financial statements, the cost is recognised in investments (Note 4), together with a corresponding increase in equity (share based payment reserve), over the period in which the service and the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The increase or decrease to investments for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Critical estimates and judgements

The Directors do not consider there to be any critical estimates or any significant judgements in the carrying amounts of asset and liabilities of the Company.

3. Staff costs

The Company has no employees. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 47 to 50.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *CONT.*
For the year ended 31 December 2023

4. Investments

	2023 £000	2022 £000
Cost:		
At the beginning of the period	43,140	42,313
Additions	1,711	827
At the end of the year	44,851	43,140

There were no indicators of impairment noted under IAS 36 and accordingly, no impairment charge has been recognised.

Subsidiary undertakings are disclosed within Note 26 of the consolidated financial statements.

5. Deferred tax asset
Deferred tax included in the Company balance sheet is as follows:

	2023 £000	2022 £000
Tax losses	32	85

6. Trade and other receivables

	2023 £000	2022 £000
Amounts owed by Group companies	16,607	15,167
Group relief	119	120
Prepayments	7	–
	16,733	15,287

Amounts owed by Group companies comprise intercompany balances with subsidiary companies within the Group. The amounts owed by Group companies bear no interest and are due on demand. IFRS 9 expected credit losses have been assessed as immaterial in relation to this balance. Amounts owed by Group companies are classified as non-current as the amounts are expected to be repaid after more than 12 months of the reporting period.

7. Trade and other payables

	2023 £000	2022 £000
Accruals	32	16
	32	16

8. Share capital and reserves

Called up share capital

Allotted called up and fully paid	31 December 2023 No.	31 December 2023 £000	31 December 2022 No.	31 December 2022 £000
Ordinary Shares of £0.05 each	79,947,919	3,997	79,582,000	3,979
		3,997		3,979

Ordinary Share capital represents the number of shares in issue at their nominal value. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 13 March 2023, the Company issued 365,919 newly authorised shares at a subscription price of £0.05 (being nominal value) to the Employee Benefit Trust in anticipation of the vesting of the first tranche of IPO LTIP share options. The shares are held by the Employee Benefit Trust on the behalf of certain option holders and are non-voting until each of the option holders choose to exercise their options at which point they are transferred to the option holder and become voting shares. As of 31 December 2023, 279,497 shares (2022: nil) were held by the Company's Employee Benefit Trust.

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the Ordinary Shares.

Merger reserve

The merger reserve was created as a result of the share-for-share exchange under which Ashtead Technology Holdings plc became the parent undertaking prior to the IPO. The Company investment in subsidiary undertakings is the book value from predecessor shareholders in the Group, with the difference over the statutory share capital issued by the Company presented as the merger reserve. The Company has applied merger relief.

Share based payment reserve

The share based payment reserve is built up of charges in relation to equity settled share based payment arrangements which have been recognised within investments in subsidiaries in the Company balance sheet.

Retained earnings

The movement in retained earnings is as set out in the Company statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

9. Subsequent events

On 20 March 2024 the term of the revolving credit facility and accordion facility was extended by one year and is fully repayable by April 2028.

COMPANY INFORMATION

Directors
W M F C Shannon
A W Pirie
I Stewart
A R C Durrant
T Hamborg-Thomsen
J Connolly (resigned 18 December 2023)
J Cahuzac (appointed 20 March 2024)

Company Secretary
I Stewart

Auditor
BDO LLP
Statutory Auditor
2 Atlantic Square
31 York Street
Glasgow G2 8NJ

Bankers
ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
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DEFINITIONS

Adjusted EBITA	Operating profit adjusted to add back amortisation, foreign exchange movements and non-trading items as described in Note 28 to the accounts
Adjusted EBITA margin	Adjusted EBITA divided by revenue
Adjusted EBITDA	Operating profit adjusted to add back depreciation, amortisation, foreign exchange movements and non-trading items as described in Note 28 to the accounts
Adjusted EPS	Adjusted Profit after Tax divided by the weighted average number of Ordinary Shares
Adjusted Profit After Tax	Profit after tax adjusted to add back amortisation, foreign exchange movements and non-trading items, including the tax impact thereof, as described in Note 28 to the accounts
Adjusted Profit Before Tax	Adjusted EBITA less finance cost (net)
Ashtead Technology	Ashtead Technology Holdings plc (the "Company") and all of its subsidiaries (also referred to as "Group")
CAGR	Compound annual growth rate
Interest cover	Adjusted EBITDA divided by Finance costs, excluding Amortisation of deferred finance costs and Interest expense on lease liability, net of Finance income
Invested capital	Average net debt plus average equity
Leverage	Net debt divided by Adjusted EBITDA
OEM	Original equipment manufacturer
RCF	Revolving Credit Facility
ROIC	Adjusted EBITA divided by Invested capital

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