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:

	Notes	2023 £000	2022 (restated)* £000
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.

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

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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:

		Contractual cash flows				
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
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

		Contractual cash flows				
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
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
1082 PP Amsterdam
Netherlands

Citibank N.A.

Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Clydesdale Bank plc

1 Queen's Cross
Aberdeen AB15 4XU

HSBC Bank plc

95-99 Union Street
Aberdeen AB11 6BD

Solicitors

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5 Old Broad Street
London EC2N 1DW

Corporate broker

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45 Gresham Street
London EC2V 7BF

Registrar

Computershare Limited

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Registered office

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Sunderland Road
Sandy
Bedfordshire SG19 1RS

Registered number: 13424040

Website

www.ashtead-technology.com

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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