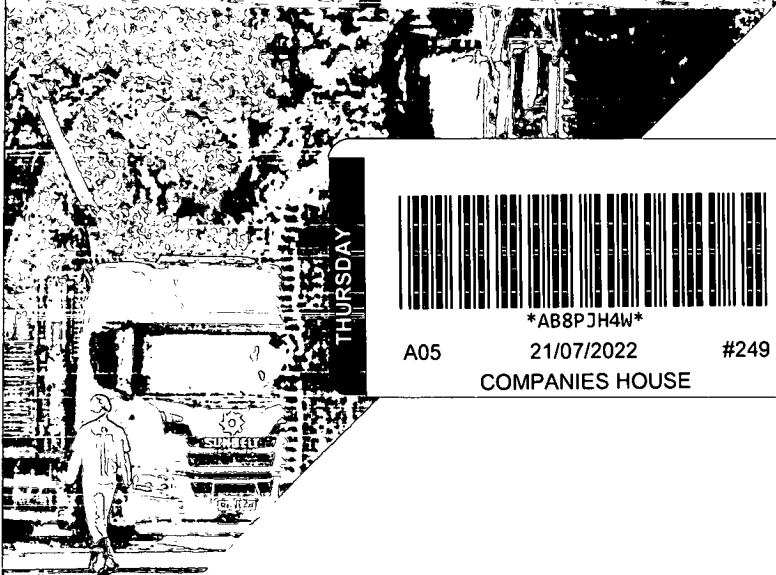
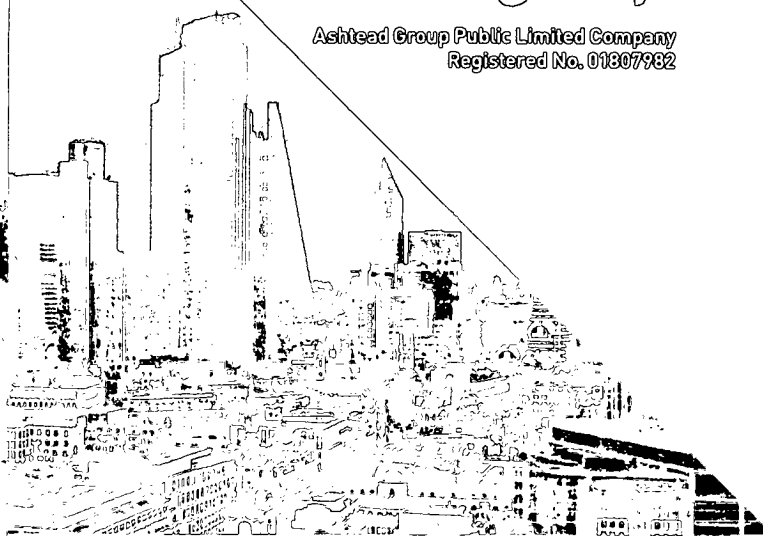
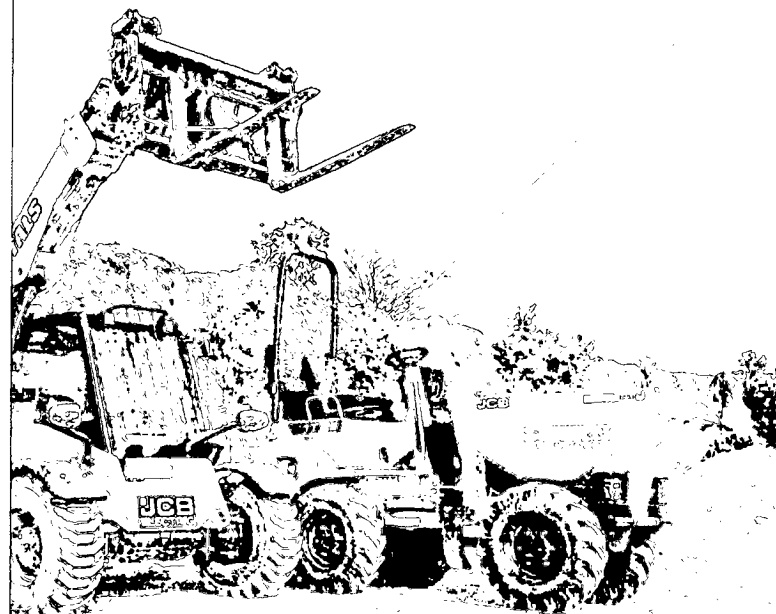
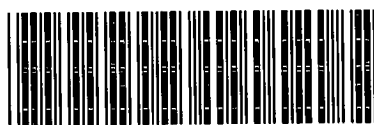


Ashtead
group

Ashtead Group Public Limited Company
Registered No. 01807982



THURSDAY



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COMPANIES HOUSE

AMBITION WITH PURPOSE

ANNUAL REPORT & ACCOUNTS 2022

AMBITION WITH PURPOSE

We are an international equipment rental company with national networks in the US, Canada and the UK. We rent a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.



**GROW
GENERAL TOOL
AND ADVANCE
OUR CLUSTERS
PAGE 6**



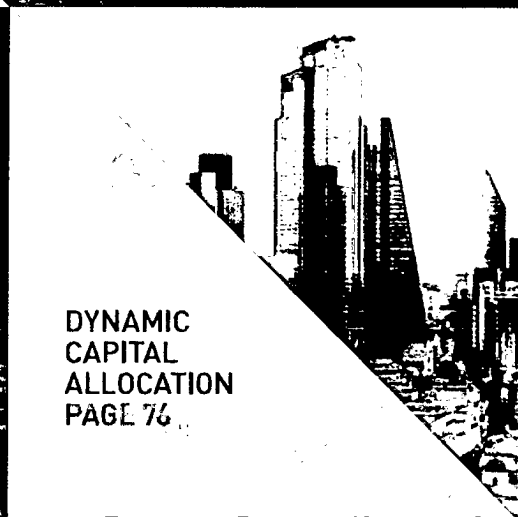
**AMPLIFY
SPECIALTY
PAGE 30**



**ADVANCE
TECHNOLOGY
PAGE 40**



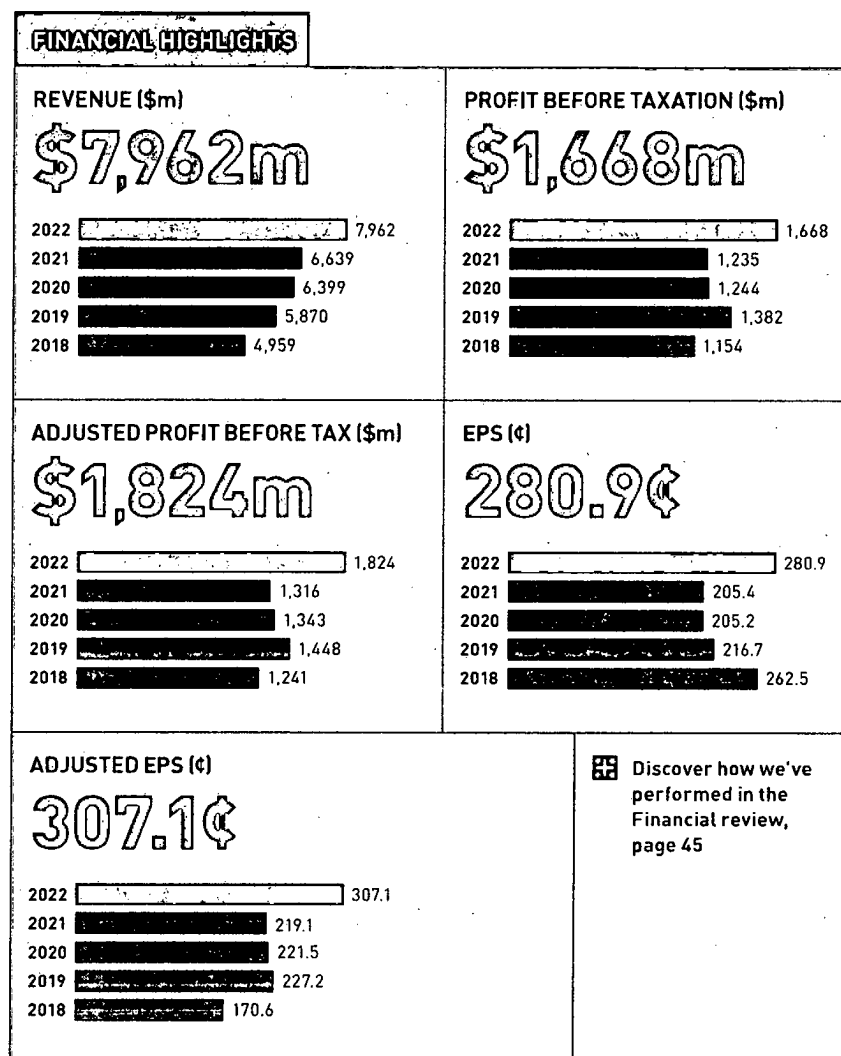
**LEAD
WITH ESG
PAGE 52**



**DYNAMIC
CAPITAL
ALLOCATION
PAGE 76**

**+ Discover more about
Sunbelt 3.0 in the
Strategic review,
pages 8 to 29**

2021/22 HIGHLIGHTS



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800,000+

Customers



43bn+

Btu/hr of heating delivered



285m+

Miles travelled for delivery and services



980,000+

Metres of barriers assembled



900,000+

Rental assets



1,780,000+

Small tools rented

Throughout the Annual Report we refer to a number of alternative performance measures, including measures such as adjusted results, free cash flow and constant currency growth. These are defined in the Glossary of Terms on page 169.

Forward looking statements

This report contains forward looking statements. These have been made by the directors in good faith using information available up to the date on which they approved this report. The directors can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both business and economic risk factors underlying such forward looking statements, actual results may differ materially from those expressed or implied by these forward looking statements. Except as required by law or regulation, the directors undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

OUR GROUP AT A GLANCE

An international network of equipment solutions and services.

Ashtead is an international equipment rental company, trading under the Sunbelt Rentals brand, with national networks in the US, Canada and the UK. We rent a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.

PURPOSE

To provide a reliable alternative to ownership for our customers across a wide range of applications and markets

See more on page 16

ACTIONABLE COMPONENTS

Grow General Tool and advance our clusters

Amplify Specialty

Advance technology

Lead with ESG

Dynamic capital allocation

See more on page 22

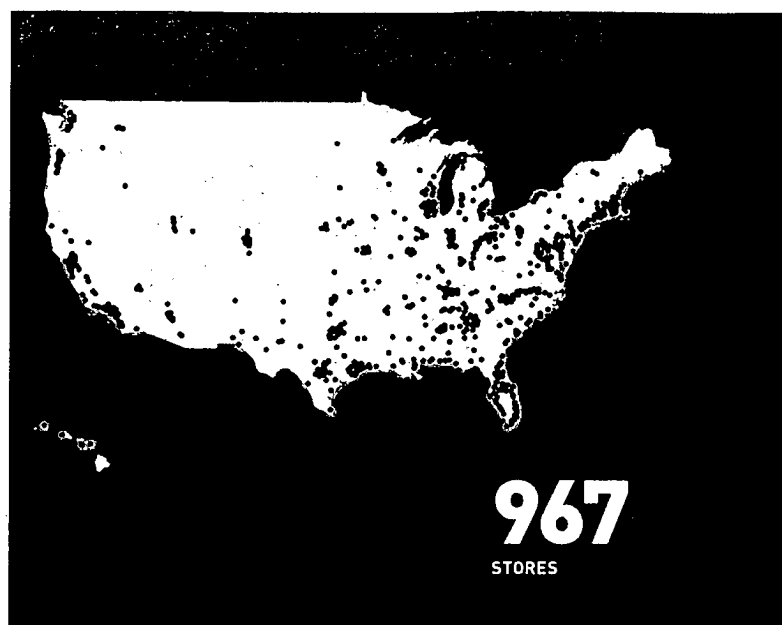
CULTURAL ELEMENTS

Investment in our people

Foster culture of 'entrepreneurialism with scale'

Continuously delivering on our customer promise of Availability, Reliability and Ease

See more on page 56

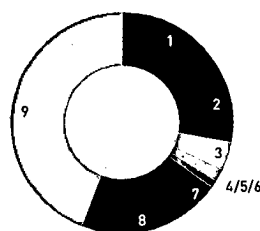


US

The second largest equipment rental company in the US with 967 stores

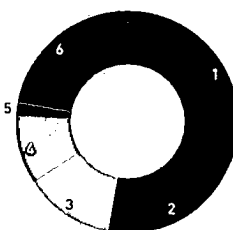
Revenue	\$6,477m
Return on investment ¹	25%
Segment result	\$1,852m
Employees	16,068
Stores	967
Fleet size	\$11,425m

MARKET SHARE²



1 United Rentals	16%
2 Sunbelt	12%
3 Herc Rentals	4%
4 Home Depot	2%
5 Ahern	1%
6 H&E	1%
7 Top 7-10	3%
8 Top 11-100	c.17%
9 Others	c.44%

FLEET COMPOSITION³



1 Mobile elevating work platforms	33%
2 Forklifts	20%
3 Earth moving	13%
4 Power and HVAC	10%
5 Scaffold	2%
6 Other	22%

¹ Excluding goodwill and intangible assets.

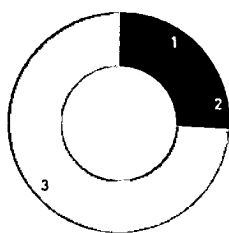
² Source: Management estimate based on IHS Markit market estimates.

³ Source: Management information.

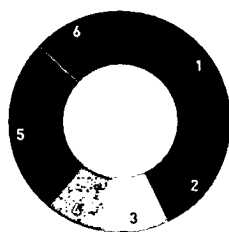
**CANADA**

Market share of 8% in Canada with 89 stores

Revenue	C\$626m
Return on investment ¹	20%
Segment result	C\$144m
Employees	1,682
Stores	89
Fleet size	C\$1,116m

MARKET SHARE²

1 United Rentals	18%
2 Sunbelt	8%
3 Others	74%

FLEET COMPOSITION³

1 Mobile elevating work platforms	30%
2 Earth moving	13%
3 Forklifts	10%
4 Power and HVAC	8%
5 Lighting, grip and lens	26%
6 Other	13%

1 Excluding goodwill and intangible assets.

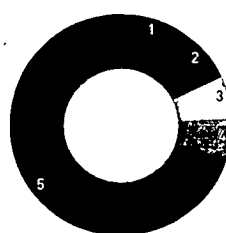
2 Source: Management estimate, excluding lighting, grip and lens, based on IHS Markit market estimates.

3 Source: Management information.

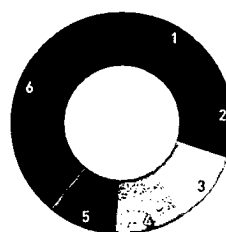
UK

The largest equipment rental company in the UK with 177 stores

Revenue	£726m
Return on investment ¹	14%
Segment result	£87m
Employees	3,983
Stores	177
Fleet size	£988m

MARKET SHARE²

1 Sunbelt	10%
2 Speedy	8%
3 HSS	6%
4 VP	6%
5 Others	70%

FLEET COMPOSITION³

1 Accommodation	17%
2 Earth moving	13%
3 Panels, fencing and barriers	11%
4 Forklifts	10%
5 Mobile elevating work platforms	10%
6 Other	39%

1 Excluding goodwill and intangible assets.

2 Source: Management estimate based on IHS Markit market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.

3 Source: Management information.

CHAIR'S LETTER

A YEAR OF DELIVERY AND GROWTH



DEAR SHAREHOLDER

I am delighted to report that in this financial year Ashtead has produced another strong set of results. During the year we have continued to invest and execute on our strategic priorities to ensure we can continue to deliver strong growth in the markets in which we operate. However, we can only achieve this with outstanding and dedicated colleagues who, with an excellent leadership team, are able to create a strong culture for success. Although the last two years have been a difficult period for most people I am proud that our business is even stronger because of the dedication, commitment and resilience of our colleagues in all parts of our business. Thank you very much.

Strategic progress

In April 2021 we launched our ambitious strategic plan, Sunbelt 3.0, which is designed to grow the business in a responsible and sustainable way. I am pleased to report that we have made significant progress on all elements of Sunbelt 3.0, and you will read more about that in the pages that follow.

We have continued to work closely with our suppliers ensuring we have the right equipment available despite their production challenges because of worldwide supply chain issues. This has enabled our teams to deliver our planned growth and expansion, opening 88 greenfield sites in North America and completing 25 bolt-on acquisitions. The recent acquisition of Mahaffey which provides temporary structures, means we have added our 10th Specialty business line.

Our technology initiatives, to make the move from an industry-leading technology platform to a leader among the broader industrial and services sector, are making excellent progress and will increase the competitiveness of our offering in the future.

A sustainable business model

Health and safety has always been a primary focus for the Board and a priority in all our business activities throughout the organisation. We have continued to make significant progress and I am delighted to report that our incident rate in North America is the lowest it has been in the Group's history. We have also made similar progress in the UK.

Sustainability is an integral part of our strategic plan and business model and our ESG targets, which are a key component of Sunbelt 3.0, are now deeply embedded throughout the business.

Our modern rental fleet consists of the latest, most environmentally-friendly equipment and we continue to invest millions of dollars in new equipment which produces less carbon, less particulate matter and requires less servicing and repair. We are working closely with our customers and suppliers to develop and test new technology to ensure we can deliver more environmentally-friendly and sustainable equipment to the market. An example is our collaboration with Doosan Bobcat to develop and produce the world's first all-electric compact track loader.

We also continue to make good progress with our diversity, equity and inclusion ('DEI') initiatives. After getting constructive feedback from our colleagues, last year saw the establishment of our first grassroots DEI Task Force in North America, which is already driving real cultural change in the businesses. We have also established a new women's group, WISE (Women, Inspired, Supported, Empowered), which is supporting women across the organisation and helping to increase the number of women we recruit into our industry. In the UK we continue to drive DEI initiatives across the business, including ensuring our programmes seek to develop, coach and recruit the best people, irrespective of their backgrounds.

DEI was also an important focus of our Senior Leadership and Board meetings which were held in Dallas in April 2022. The Senior Leadership meeting was the first major meeting in person we have been able to hold since the UK management conference held in Manchester prior to the pandemic. The Board was delighted to be able finally to reconnect in person with a wider population of our people driving the business.

Financing

Another important component of our strategic plan and competitive advantage is our dynamic capital allocation strategy. Despite challenging supply chain issues, we invested more in the rental fleet than in any other year. The strength of our balance sheet was again demonstrated when we were able to issue \$1.3bn of long-term investment grade bonds last year. While this may not be unusual for other businesses, it is a first for our industry and represents the increasing maturity of both Ashtead and our industry. It reinforces our strategy of always accessing the finance we need ahead of when we need it, so we can make the very most of market growth opportunities.

Board changes

I am delighted to welcome Renata Ribeiro to the Board, who joined in January as a non-executive director. Renata is an executive at Carnival Corporation and brings strong commercial and digital experience to the Board.

Dividends

We have a progressive dividend policy which is designed to ensure sustainability through the economic cycle whilst always taking into account both underlying profit and cash generation.

I am pleased to report that having considered the Group's outlook and financial position, and other stakeholders' interests, your Board is recommending a final dividend of 67.5¢ making 80.0¢ for the full year. Assuming the dividend is approved at the Annual General Meeting ('AGM'), it will be paid on 9 September 2022 to shareholders on the register on 12 August 2022.

Outlook

We have strong momentum in the business underpinned by our Sunbelt 3.0 strategic plan which is advancing faster than we originally planned, both through organic growth and bolt-on acquisitions.

Our balance sheet remains strong and that, coupled with our diverse range of products and services for our end markets, positions us well for future growth.



PAUL WALKER
Chair, 13 June 2022

HIGHLIGHTS OF THE YEAR

+19%

Revenue up 19%¹,
rental revenue up 22%¹

\$1.3bn

\$1,274m spent on bolt-on
acquisitions (2021: \$172m) and
88 greenfield locations opened

\$1,948m

Group operating profit of \$1,948m
(2021: \$1,498m)

\$2.4bn

\$2,397m of capital invested in the
business (2021: \$947m)

\$1,824m

Group adjusted pre-tax profit of
\$1,824m (2021: \$1,316m), an
increase of 38%¹

\$1.1bn

\$1,125m of free cash flow generation
(2021: \$1,822m)

307.1¢

Adjusted earnings per share of
307.1¢ (2021: 219.1¢)

1.5x

Net debt to EBITDA leverage^{1,2}
of 1.5 times (2021: 1.4 times)

280.9¢

Earnings per share of 280.9¢
(2021: 205.4¢)

67.5¢

Proposed final dividend of 67.5¢,
making 80.0¢ for the full year
(2021: 58.0¢)

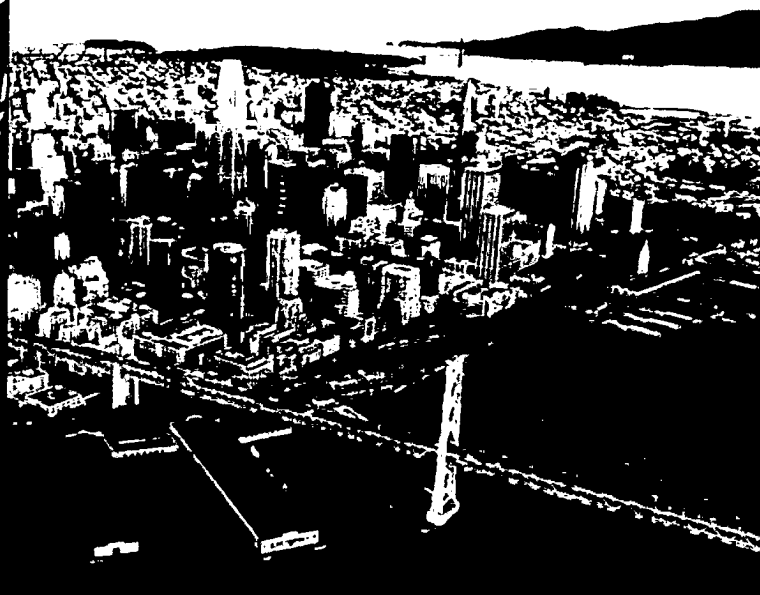
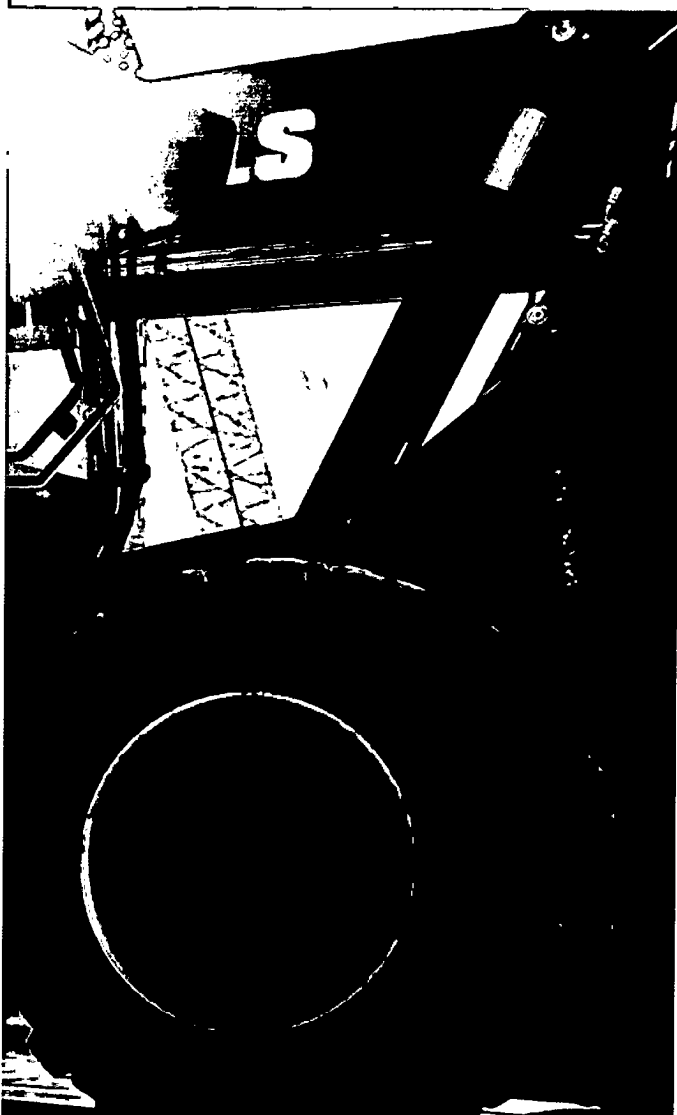
\$1,251m

Post-tax profit of \$1,251m
(2021: \$920m)

¹ At constant exchange rates.
² Excluding the impact of IFRS 16.



1. GROW GENERAL TOOL AND ADVANCE OUR CLUSTERS



SUNBELT 3.0 IN ACTION

Our General Tool and Specialty businesses complement each other, often sitting side by side and enhancing further our ability to service our customers wide range of needs. This year we added 41 General Tool locations, 16 as greenfield sites and 25 acquisitions.

We clustered another eight of the top 100 markets in the US bringing our clustered market count to 39 in the top 100 markets. These new clusters include San Francisco, Tampa and St Louis. In Canada we established a new market cluster in the Thompson-Okanagan region of British Columbia, maturing our offering further in Canada, with 10 markets now clustered.

OUR STRATEGY

1

Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.

2022 HIGHLIGHTS

16 GREENFIELD LOCATIONS ADDED IN 2021/22

**21 GENERAL TOOL ACQUISITIONS COMPLETED
ADDING A FURTHER 25 LOCATIONS**



8

additional markets
clustered within the
US top 100 markets



+18%

growth in North American
General Tool revenue in
2021/22

STRATEGIC REVIEW

Brendan Horgan
Chief executive



Michael Pratt
Chief financial officer



AMBITION WITH PURPOSE

We are delighted to report that Ashtead has had a very good year delivering record performance and we remain optimistic about the years to come. Not only is the business performing well from a financial standpoint, but we are making huge inroads in our ESG ambitions. Our safety record remains industry-leading and we remain relentlessly focused on our safety and wellness platform, Engage for Life. The authenticity of our advocacy in this area especially, is leading to genuine cultural change across the organisation. The sustainable nature of how we operate is increasingly important to our customers. Real momentum is occurring in our markets, in how we do business day-to-day, how we are positioning ourselves for long-term growth and how we are embedding our innate sense of purpose in everything we do. We believe this is good news for our customers, our people, our investors and the communities in which we operate. This is our Ambition with Purpose.

Rental revenues in North America were 23% ahead of last year's pandemic affected levels. This market-leading performance continues to demonstrate the strength in our model, as well as the potential for growth in the business and the broader market. It also reflects the early benefits of executing on our strategic growth plan, Sunbelt 3.0, launched last year, adding 123 locations in North America, 88 by way of greenfield openings and 35 through bolt-on acquisitions.

The last two years have been challenging, but we have emerged stronger than ever before. Our growth strategy is on track, our rental revenue is growing strongly, we are generating strong free cash flow alongside record levels of fleet investment. Our balance sheet is stronger than ever and we have the funds available to finance expected future growth. We are delivering on our plans for growth in General Tool, seeing acceleration in our Specialty businesses and continuing to advance the technology that makes it all possible. Our dynamic capital allocation strategy has delivered leverage at the end of the year, at the lower end of our target range, at 1.5 times net debt to EBITDA, excluding the effect of IFRS 16.

There are several factors that cause us to be optimistic about the future. First we are seeing a significant volume of large projects that need our services; large construction projects, infrastructure projects, industrial maintenance projects and large events. Often these are multi-year projects which signify long-term revenue opportunities for us. Many industries are seeing massive change as a result of environmental considerations and their need for rental is increasing as a result. If you consider American automotive manufacturing, for example, it almost has to start over to build new manufacturing capacity for electric vehicles and batteries. So there will be new factories to be built or whole assembly lines revised. In addition, the \$1 trillion US infrastructure bill is driving further new, large-scale projects. We believe challenges with skilled labour availability will result in these projects taking longer to complete and accelerate the shift to rental.

While current economic conditions are causing concern to businesses and investors alike, we see them as benefitting rental. Particularly, supply constraints, an inflationary environment and fears about labour supply, are all issues which we believe we are positioned to solve. There are well documented constraints on supply chains which we believe will remain through 2023 at least. Our ability to navigate these challenges through engaged planning with our key manufacturers throughout the pandemic and in conjunction with the timeliness of Sunbelt 3.0, has become an advantage. Over the last year we were able to facilitate the largest rental fleet capital expenditure year in our history, all in an incredibly difficult supply-constrained environment.

Similarly, after nearly a decade-long economic cycle with minimal levels of inflation, businesses are experiencing inflation in most cost lines. We anticipate the current levels will moderate but we may well have a cycle with modest inflation throughout. We have been able to digest these inflationary realities through scale efficiencies and rental rate improvements, and are confident this will continue to be the case. Lastly, there is a shortage of general labour, however, when you think about our business, it's not just general labour. The vast majority of our workforce is comprised of skilled trades, specifically, mechanical technicians, licensed commercial drivers and equipment application specialists. The availability of such a workforce is not just limited, it is scarce. As an example, US construction job openings are at their highest level in 20 years. Unlike the first two issues, we believe the duration of this goes on as far as we can see with no known catalyst to reverse it.

How do these issues impact us and our customers day-to-day? If a customer cannot afford to buy or physically acquire an item of equipment, the only option is to rent that equipment. If you cannot hire a mechanic to service your equipment, your alternative is rental. If you are not big enough to get the attention of the suppliers of the equipment you need, your alternative is rental. If equipment prices are high, our customers will be more reluctant to buy and instead preserve their financial resources, so rental will therefore continue to expand.

We are always planning ahead to make sure we have the fleet and the skilled drivers, mechanics and tradespeople we need. That is our focus. We also have the scale to get the equipment and people we need more easily than smaller operators. These considerations are not a focus for a live events company, or a big construction company, for example. If market conditions are challenging, a business does not have time to think about the equipment needed or the people required to take care of that equipment. They have to focus on the job they do. We will continue to step in and do whatever it takes to get their job done.

Group rental revenue increased 22% on a constant currency basis. This revenue performance was achieved with a slightly larger average rental fleet than last year, which generated an EBITDA margin of 45%, a significantly improved adjusted operating profit margin of 26% and Group return on investment of 18%. As a result, adjusted pre-tax profit was \$1,824m and adjusted earnings per share were 307.1¢ for the year.

US rental revenue was up 22% at \$6,042m. This was driven by volume predominantly, with acquisitions contributing c. 5% to the growth, but also the benefit of a favourable demand and supply environment, which has enabled us to deliver healthy rate improvement since March 2021.

In Canada, rental revenue was 30% higher than a year ago at C\$569m. This growth reflects the depressed comparatives last year, particularly in the lighting, grip and lens business, William F. White, which was severely constrained by the pandemic, as well as strong performance from the original Canadian business.

UK rental revenue was 13% higher than a year ago at £544m. The business continued to benefit from our support for the Department of Health in its COVID-19 response, which contributed to c.30% of total revenue in the UK, but the core

business also performed strongly, benefitting from investment in operational infrastructure and the reshaping of our operating footprint. Following the UK Government's announcement that free mass testing would cease in April 2022, the majority of the Department of Health revenue has now ceased and the UK business is in the process of demobilising the testing sites.

As we believe we have demonstrated, growth in our business is driven, to a certain extent, by market growth, but also by a unique set of circumstances both across the rental industry and the wider economy, that will impact our entire customer base. We believe it is always good to be in the rental business. As rental expands and as more businesses in more sectors become accustomed to renting the equipment they need, it becomes difficult to go back. There is no rational reason to go back. Rental penetration will be broader and deeper and we will continue to grow.

In the Strategic report

CAPITALISING ON MARKET OPPORTUNITIES Page 10

We are building market share through same-store growth, new greenfield investments, selected bolt-on acquisitions and the expansion of our product offering.

IMPLEMENTING OUR STRATEGY Page 22

We focus on building market share, maintaining flexibility in our operations and finances, and being the best we can be every day.

MEASURING OUR PERFORMANCE Page 32

We had a year of strong market outperformance across the business despite challenging market conditions.

CREATING SUSTAINABLE VALUE Page 16

Our equipment rental business model, and the management of that over the economic cycle, enable us to create long-term sustainable value.

MANAGING OUR RISKS Page 34

Our main risks relate to economic conditions, competition, financing, cyber security, health and safety, people, the environment and laws and regulations.

BEING A RESPONSIBLE BUSINESS Page 54

We report on responsible business through the Group Risk Committee. We focus on health and safety, our people, the environment, including climate change, community investment and ensuring the highest ethical standards across the Group.

OUR MARKETS

Our markets continue to evolve and our strategic plan, Sunbelt 3.0, is taking us into ever more markets, both by geography and function.

Construction will likely remain our largest market in terms of the equipment required, particularly given the 2021 US infrastructure bill, but non-construction continues to expand rapidly as we service new markets through the amplification of our Specialty businesses. The US continues to be our largest market with strong performance and we see good growth in our newest market, Canada. The UK, which is a more mature rental market, is a more subdued environment than North America, but our actions to realign the business for the future with a simplification of the go-to-market message and leveraging cross-selling opportunities across the platform, are bearing fruit. We are excited by the future prospects for the UK business supplemented by targeted bolt-on acquisitions to develop the business further. The US rental market is seven times bigger than the UK and we continue to capitalise on the structural changes in that market, as customers continue to adapt to renting equipment rather than owning it. Our Canadian business is smaller than our UK business but is growing rapidly and we are excited by the opportunities we see there. We expect the Canadian market to develop in a manner similar to the US, as customers get more accustomed to renting a wider range of equipment and more familiar with the Availability, Reliability and Ease we deliver. Our aim is to continue to grow the business wherever we are in the economic cycle and no matter what circumstances we face.

Al: our markets were affected by the COVID-19 pandemic, but they are offering us new opportunities now that the impact of the virus appears to be declining in our principal markets and the long-term attractiveness of our markets has not changed. As mentioned in the introduction to this Strategic report, we also see opportunity in the market where others see potential problems, specifically concerns about equipment and labour supply, as well as an increasingly inflationary environment. When you put these three together, we believe they are structural tailwinds to our business. Specifically, they will foster deeper rental

penetration and those with scale, experience to execute, technological advantages, great levels of customer service, a culture of people engagement and financial strength, will benefit disproportionately.

THE BREADTH OF OUR MARKETS

Our markets continue to broaden, in terms of geography, range of equipment rented and the applications for which our equipment is used. Our end markets are increasingly diverse and we are seeing the power of cross-selling between General Tool and Specialty. The graphic opposite shows the diversity of end markets that are using our equipment. In many cases, this is the same equipment just used for a different purpose. A significant proportion of our fleet was developed originally for the construction industry but is now used in applications varying from film and television production to putting up Christmas decorations. Our customers are equally diverse, from multinational organisations to DIYers. We are reaching these broadening markets as a result of our scale, advancement of our market cluster strategy and Specialty business evolution – all positioned to give great service to our customers through our corporate mantra, Availability, Reliability and Ease. For any one of these markets, there is also a wide range of equipment used. Equipment that previously would not have been rented is now part of the rental mix. This is particularly the case with the ongoing structural change most noticeable in the US and Canada.

Construction is a core part of our end markets but we continue to see plenty of growth opportunity for our General Tool and Specialty businesses in areas such as live events, building maintenance, municipal activities and emergency response. We commonly refer to these end markets, and many more, as MRO or the maintenance, repair and operations of the geographic markets we serve. These incredibly large addressable markets make up the majority of our Specialty revenues; however, increasingly they also benefit our General Tool business as our cross-selling prowess continues to improve.

CONSTRUCTION

- Airports
- Highways and bridges
- Office buildings
- Data centres
- Schools and universities
- Shopping centres
- Residential
- Remodelling
- Manufacturing plants
- Green energy

RESPONSE

- Fire
- Hurricanes
- Flooding
- Tornadoes
- Winter storms
- Residential emergencies
- Health emergencies
- Alternative care facilities
- Points of distribution
- Mobile testing facilities

FACILITIES MAINTENANCE AND MUNICIPALITIES

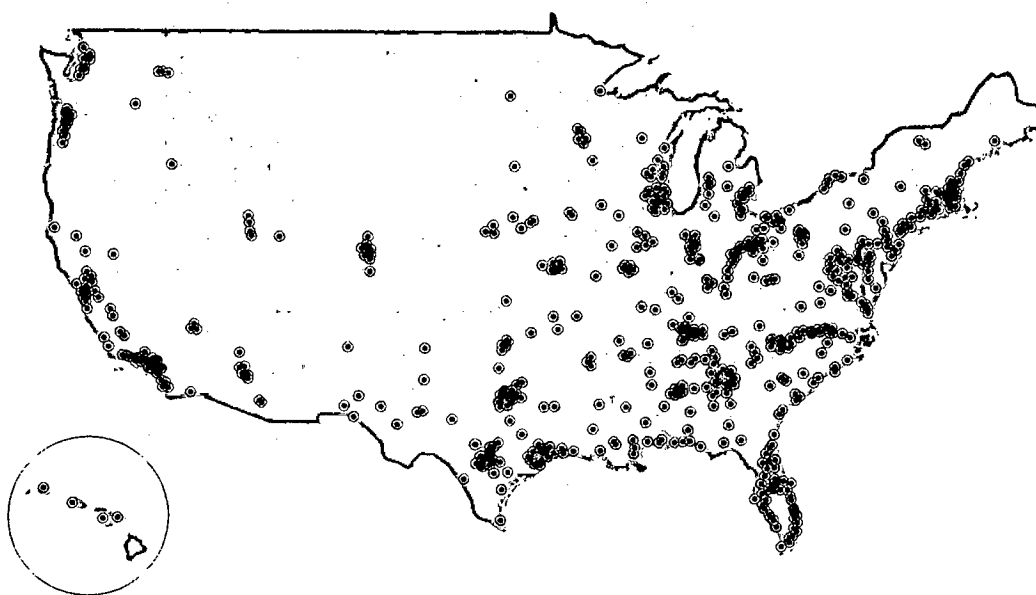
- Office complexes
- Apartment complexes
- Government
- Hospitals
- Data centres
- Parks and recreation departments
- Schools and universities
- Shopping centres
- Pavement/kerb repairs
- Golf course maintenance
- Industrial

ENTERTAINMENT AND SPECIAL EVENTS

- National events
- Concerts
- Sporting events
- Film and television production
- Theme parks
- Festivals
- Farmers' markets
- Local 5K runs
- Cycle races

A big change in recent years has been the increase in rentals taking place in ordinary square footage under roof applications every day, and we expect this trend to continue. Increasingly we are also seeing bigger, longer projects often over several years. We expect the \$1 trillion US infrastructure bill to further fuel this trend. In addition, we are designated an essential service in the US, UK and Canada in times of need, supporting government and the private sector in response to emergencies, including hurricanes, tornadoes and, until recently, the pandemic.

The length of time that customers rent equipment is also increasing. Not only are large projects lasting longer, but rental is now core to these rather than being more 'top up' in nature, as it used to be. We are also seeing customers renting equipment longer to move to the next job or project.



THE US

Our core US markets were adversely affected by COVID-19 but we are exceeding pre-pandemic levels and the longer-term prospects for rental and our products and services remain strong. We expect to perform better than the market as we expand further our Specialty businesses and continue to take market share.

Construction starts have continued their recovery and are now above pre-pandemic levels with forecasts showing further growth through to 2026. There remain significant levels of construction activity in areas such as warehouses, data centres, distribution, fulfilment and manufacturing such as electric vehicle factories, lithium battery plants and new liquid natural gas plants. We believe we are likely to see continued changes in construction focus, shifting away from retail, new hotels and office buildings into these kinds of infrastructure projects supporting the transition to a greener economy. These are all examples of an abundance of large scale, multi-year projects that are in early-stage construction or late in the planning phase. Projects that we are positioned to serve in a meaningful way, more so than at any point in our history. We also expect to see more large projects as a result of the 2021 infrastructure bill.

Dodge Data & Analytics is forecasting put-in-place construction growth of 9% for 2022, followed by further growth in 2023 and 2024. Similarly, rental market growth is forecast by IHS Markit to be 11% in 2022 with continued growth thereafter. With forecasts like these, our business model becomes ever more attractive as our customers choose increasingly the flexibility of rental versus the long-term commitment and ongoing cost related to purchasing equipment.

The events market suffered greatly during COVID-19 but after a gentle recovery last year we are expecting a stronger performance in the coming year. While we will benefit from the improving oil and gas market, it remains a small part of our business.

The markets we serve remain strong long-term, as both structural and cyclical trends are favourable. Chart 02 on page 12 shows the last four

construction cycles. These have followed one of two patterns. From 1975 to 1982 and from 1982 to 1991 the initial recovery was very aggressive but the overall cycle was relatively short. In contrast from 1991 to 2011, and 2011 to 2020, the cycle was characterised by a more gradual recovery over a longer period of time. The initial forecasts for the next cycle are more similar to the last two cycles. However, while these forecasts are for growth through 2025, there is the potential for a more imminent slow down due to inflation and the increasing interest rate environment. However, our business model is well equipped to deal with this environment as we are able to reduce our capital expenditure and generate significant free cash flow. The impact of a slowing economy will be mitigated to a degree by the opportunity from the structural shift from ownership to rental and our ability to increase market share.

01 US MARKET OUTLOOK (RENTAL REVENUE FORECAST)

	2022	2023	2024
Industry rental revenue	+11%	+6%	+3%

Source: IHS Markit (May 2022).

OUR MARKETS CONTINUED

MARKET SHARE IN THE US

We continue to grow our market share in the US and even though we are the second largest equipment rental company, there remains plenty of room to grow as Chart 03 shows. Our major competitors are United Rentals and Herc Rentals with 16% and 4% respectively. Home Depot, Ahern and H&E have shares of 2% or less. Most of the remainder of the market is made up of small local independent rental shops.

Much of our market share gain comes from these small independents when we set up new stores or acquire them. Ours is a capital-intensive industry where size matters. Scale brings cost benefits and sophistication in areas such as technology and other services, and this leads ultimately to further consolidation. The proportion of the market enjoyed by the larger players continues to increase and we have clearly been a major beneficiary of this trend. Whilst there will always be a place for strong local players, the market share enjoyed by the larger players is likely to continue to grow as the big get bigger.

This market share analysis is based on the traditional definition of the rental market focused on construction. However, a significant market for us is facility maintenance, repair and operation characterised by square footage under roof. In the US there are 100bn square feet under roof and we believe this represents a potential rental market of \$7-10bn, with minimal rental penetration at the moment. It is not a new market for us, but one with increasing opportunity as we demonstrate the benefits of rental through Availability, Reliability and Ease. One consequence of this is that we believe the size of the rental market is understated and hence our, and everyone else's, market share is overstated. This only serves to increase the opportunities for growth.

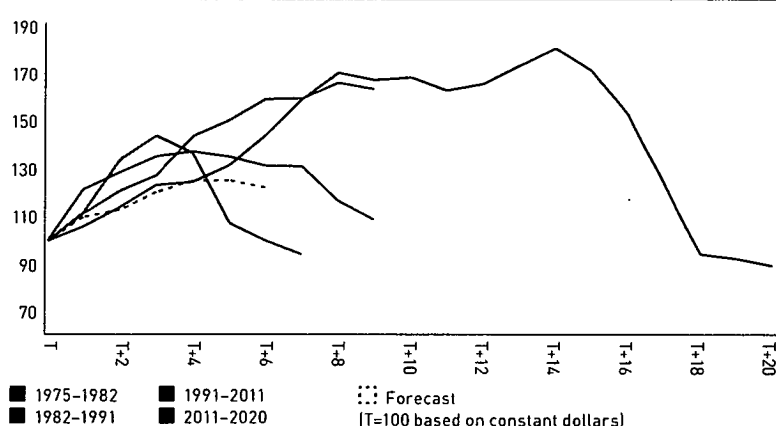
We are confident that as the market grows, our share will also increase. We have a good track record of success, having tripled our market share since 2010. We continue to set ambitious targets for market share, increasing our long-term target to 20%. The speed with which we increase our market share is in part a function of how quickly we can get new locations up and running.

However, as noted above, our market share growth also comes from continuing to broaden both our end markets and the range of equipment we have available to rent in each location (more on this in our strategy section on page 22).

The combination of our business model, which you can read more about on page 16, the continued attractiveness of our markets and the long-term trend to rental, provides the perfect environment for us to achieve our goals. In addition, our market share gains accelerate as we make the most of our scale advantages. Being there for our customers and trusted to deliver, also brought us share during the pandemic.

As we increase our market share and grow our Specialty businesses, they become a greater proportion of the business mix across the cycle and accounted for 30% of revenue in 2021/22. The acquisitions we make are often to expand into a new specialty area or to develop an existing one and then we supplement them with greenfield openings.

02 CONSTRUCTION ACTIVITY BY CYCLE



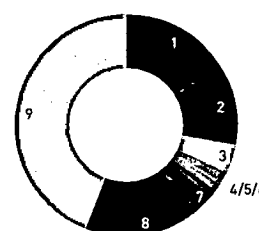
Source: Dodge Data & Analytics (May 2022).

04 US MARKET SHARE DEVELOPMENT



Source: Management estimates.

03 US MARKET SHARE



1 United Rentals.....	16%
2 Sunbelt	12%
3 Herc Rentals.....	4%
4 Home Depot.....	2%
5 Ahern.....	1%
6 H&E.....	1%
7 Top 7-10.....	3%
8 Top 11-100.....	c.17%
9 Others	c.44%

Source: Management estimate based on IHS Markit market estimates.



THE TREND TO RENTAL

The trend of rental penetration in the US continues to be positive for the industry as our customers have become accustomed to the flexibility of an outsourced model. Between 2010 and 2022, increased rental penetration effectively grew our end market by c. 25%. We see this trend continuing, which will provide similar levels of market growth over the coming years. Rental still only makes up around 55% of the US market compared to around 75% in the UK. However, this is a broad average with penetration levels ranging from low single-digit percentages for, say, floor scrubbers to 90%+ for large aerial equipment. We like specialty products because they are at the low end of this range, which provides greater scope for growth. We see the potential market penetration for rental equipment to be well over 60% in the US.

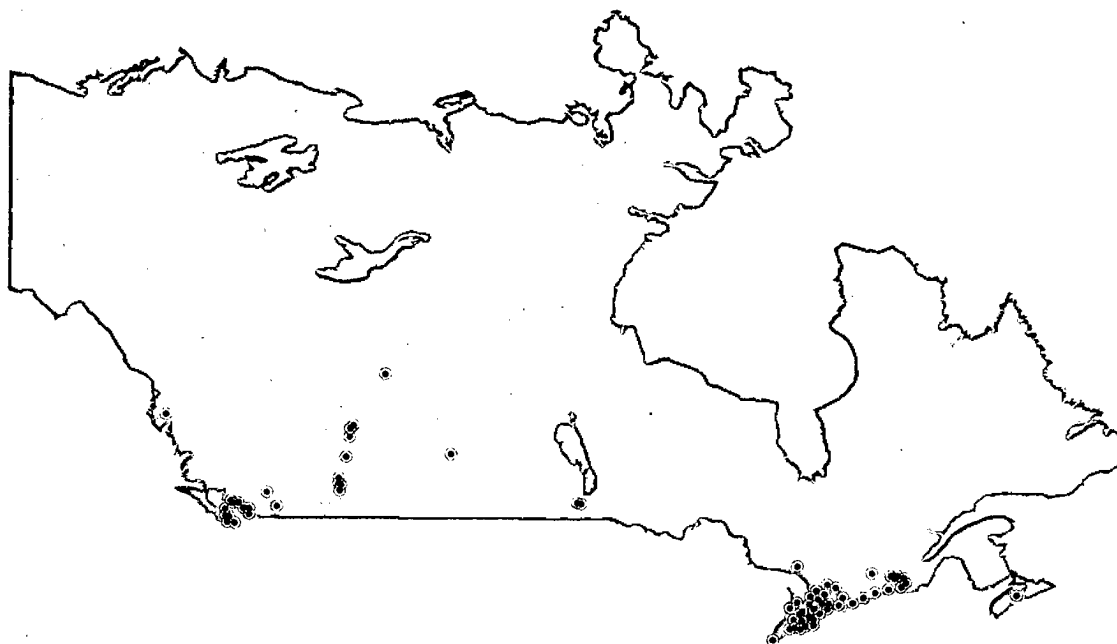
The drivers of this evolution include the significant cost inflation in recent years associated with the replacement of equipment, technical changes to equipment requirements and health, safety and environmental issues which make rental more economical and just easier. For example, environmental regulations have driven further rental

penetration through the reduction in fleet size by those customers who previously may have chosen to own some if not all of their larger equipment needs. Customers and smaller competitors with older fleets are faced with heavier replacement spend causing them to either replace less and rent or reduce their fleet size. Furthermore, the difficulties of getting to grips with new technology and maintenance requirements have also caused more operators to decide to rent. Maintaining optimally serviced and therefore safe equipment can be a big outlay for a smaller operator. Therefore we continue to invest in keeping our fleet in the best condition it can be to take advantage of the increased demand for rental. Uncertain market conditions also make it far more attractive to rent than buy. The diversity of our fleet helps us take advantage of this increasing trend to rental and we continue to expand the range of products we rent.

Our customers often assume we will be able to fulfil their equipment needs with a rental product for an ever-widening range of applications. If your fleet consists of equipment which is already predominantly rented and hence, have high rental penetration

like telehandlers and large booms, you are not necessarily benefitting from increased rental penetration as it is probably as high as it is likely to get. However, if you have a broader mix of fleet, then there is significant further upside to come from increased rental penetration. Further, the current unique circumstances of growing demand and constrained equipment supply, serve as a perfect catalyst to encourage and increase the structural shift from ownership to rental. This is exactly what we believe is happening during this inflection period in the market.

Our development and use of technology is also driving rental penetration. Our highly sophisticated proprietary customer management, inventory and delivery tracking systems enable us to make our customers' rental experience one of Availability, Reliability and Ease. Our customers are increasingly willing to rent different types of equipment from us, more often. More on this in the section on strategy on page 22.



CANADA

Canada is still a relatively new and growing market for us.

The overall rental market is less than a tenth of the size of the US. But in the same way that the US has experienced structural growth as more and more types of equipment are rented for different applications, we expect similar trends in Canada. Our share of the Canadian rental market is around 8%. There is plenty of scope to develop this in the same way as in the US and we are growing rapidly. We have seen continued market growth in 2022 and IHS Markit predicts Canadian rental revenue to grow 10% in 2022, 6% in 2023 and 4% 2024. We anticipate growing more rapidly as we take market share and broaden our offering.

From our humble beginnings in Western Canada, we have grown to 89 locations across Canada. Key of course to delivering on our mantra of Availability, Reliability and Ease is convenience, proximity and diversity in our offering. We now have a significant presence in Ontario and have expanded in Edmonton, Calgary and Winnipeg. Beginning with a complement of General Tool businesses and adding Specialty into the mix to introduce cross-selling, our runway for growth in Canada remains long.

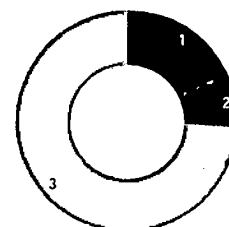
The rental market has, historically, been construction focused, but we continue to develop new markets such as the film industry in Vancouver and Toronto. This has been aided by the acquisition of our lighting, grip and lens business, William F. White ('WFW') in December 2019. The WFW business will also provide a platform to expand our lighting, grip and lens Specialty into the US and UK markets. In addition, we have continued to expand our power and flooring solutions Specialty businesses in Canada. Customers who traditionally rented mainly mobile elevating work platforms ('MEWPs') are now renting smaller equipment as well. They are seeing increasingly the benefits of working with us to fulfil the full range of their rental needs. Our cluster approach (more on this in our section on strategy on page 25) also means we are able to be closer to our customers than has previously been the case.

Across the country there are variances in the mix of fleet we have on rent. In Western Canada we see more customer demand for MEWPs especially through our work servicing the film and television industry. We see great opportunities for expanding our

Specialty and MEWP businesses, especially in Ontario, aided by the growth of our lighting, grip and lens business. As we expand in other provinces we expect to generate more business from Canada's resources industry.

Given our continued growth in Canada, we are now targeting 10% market share.

05 CANADA MARKET SHARE



1 United Rentals	18%
2 Sunbelt	8%
3 Others	74%

Source: Management estimate, excluding WFW, based on IHS Markit market estimates.



THE UK

The UK market remains competitive but we have never been positioned better to deliver the Power of Sunbelt to our customers.

Bringing all the UK businesses together as Sunbelt Rentals, and the launch of Sunbelt 3.0, has changed the face of our business and is paying great dividends as we outperform the market, leading, in particular, to gains in the ongoing construction and maintenance-related rental space. Last year growth continued and the business has achieved encouraging customer wins and an impressive sales pipeline. We are known for being able to deliver a range of general and specialist products and services unlike any other in the market and have an

increasingly good track record of coming through in even the most challenging of circumstances. New customers gained and those in the pipeline are the most diverse in terms of end markets served in our UK history.

Last year a large proportion of revenue (around 30%) came from our COVID-19 work for the Department of Health. When there is any kind of emergency, in any of our territories, we are usually brought in to help. When free mass testing ended in April 2022, that

revenue largely stopped. However, the core business continues to perform strongly and we are benefiting from improved cross-selling and operational advancements very much at the centre of our Sunbelt 3.0 plans. We remain in the early stages of forging our path to sustainable long-term results and returns, but are creating sustainable cultural change.

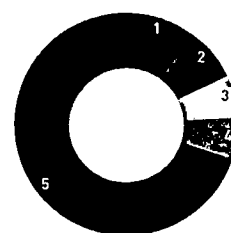
We continue to see significant opportunities in both construction and non-construction markets in the UK as in the US and Canada. We will continue to invest responsibly in the UK market as we seek to increase market share and enhance returns.

MARKET SHARE

We continue to be the largest equipment rental company in the UK. There are a greater number of major players in the UK market and, as the largest, we have a 10% market share.

Chart 07 shows our key competitors and their share of the market. We believe we continue to be well positioned in the market with our strong customer service, broad-based fleet and strong balance sheet. We have enhanced this market position through simplifying our go-to-market message and leveraging the cross-selling opportunities provided by our broad product offering and Specialty businesses, a key element of our strategic plan, Sunbelt 3.0.

07 UK MARKET SHARE



1 Sunbelt	10%
2 Speedy	8%
3 HSS	6%
4 VP	6%
5 Others	70%

Source: Management estimate based on IHS Markit market estimates – market share has been calculated excluding the impact of revenue associated with supporting the Department of Health COVID-19 response.

06 UK CONSTRUCTION INDUSTRY FORECASTS

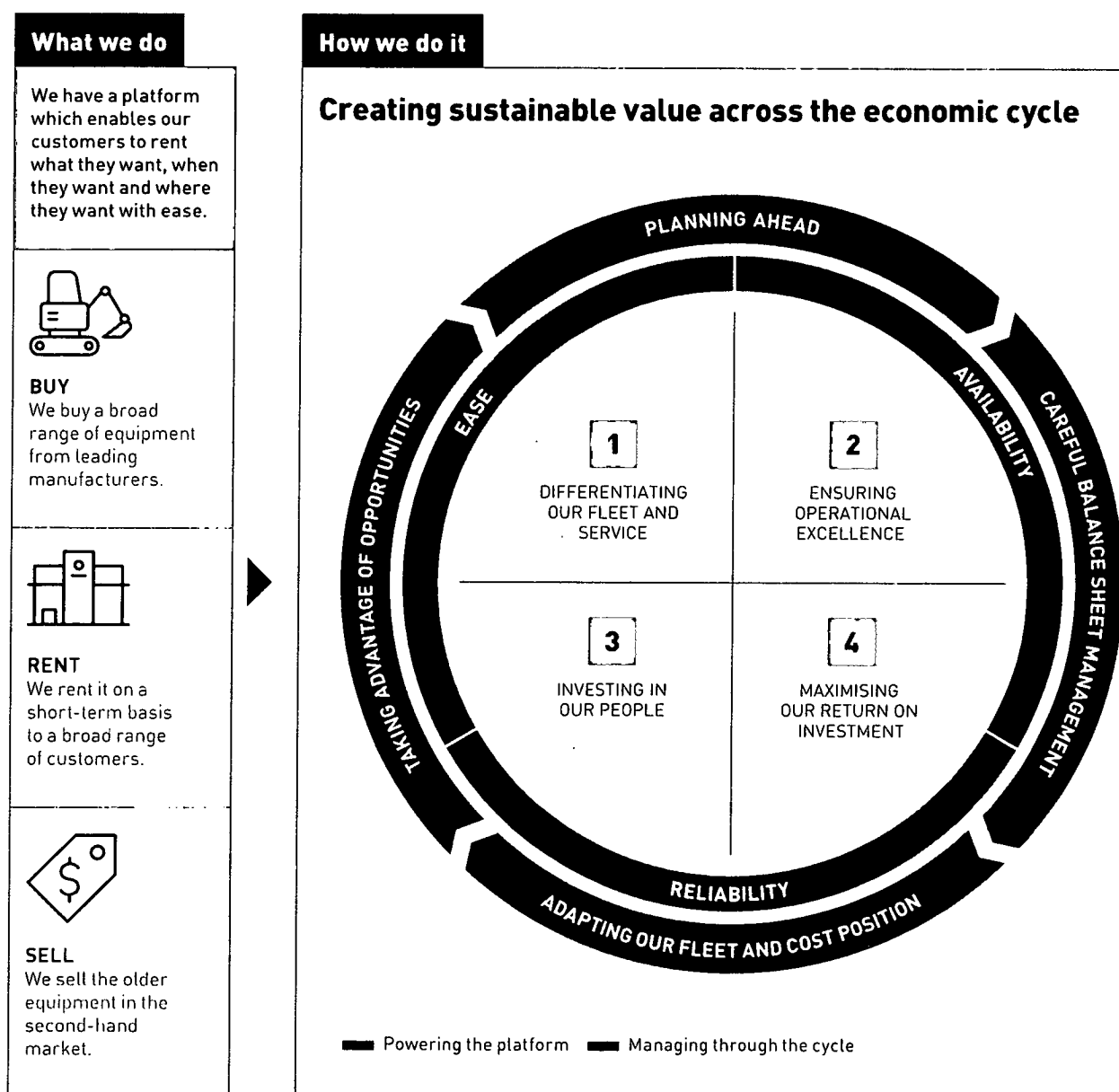
(£ million)	2020 Actual	2021 Actual	2022 Estimate	2023 Forecast	% of total
Residential	51,634	60,767	60,416	59,859	34%
		17.7%	-0.6%	-0.9%	
Private commercial	40,566	41,173	43,083	44,521	25%
		1.5%	4.6%	3.3%	
Public and infrastructure	58,033	67,447	70,593	73,468	41%
		16.2%	4.7%	4.1%	
Total	150,233	169,387	174,092	177,848	100%
		12.7%	2.8%	2.2%	

Source: Construction Products Association (Main scenario: Spring 2022).

OUR BUSINESS MODEL

Creating sustainable value across the economic cycle

We create value through the short-term rental of equipment that is used for a wide variety of applications and the provision of services and solutions to a diverse customer base through a broad platform across the US, Canada and the UK. Our rental fleet ranges from small hand-held tools to the largest construction equipment.



1**DIFFERENTIATING OUR FLEET AND SERVICE**

- Broad fleet mix
- Evolution of Specialty businesses
- Broad range of customers and applications
- Scale to meet size and range of requirement

 See more on page 18
2**ENSURING OPERATIONAL EXCELLENCE**

- Culture of health and safety
- Focused, service-driven approach
- Long-term partnerships with leading equipment suppliers
- Industry-leading application of technology

 See more on page 19
3**INVESTING IN OUR PEOPLE**

- Highly skilled team
- Devolved structure
- Maintaining significant staff continuity
- Strong focus on recruitment, training and incentive plans

 See more on page 19
4**MAXIMISING OUR RETURN ON INVESTMENT**

- Effective fleet management
- Optimisation of utilisation rates and returns
- Flexibility in local pricing structures
- Focus on higher-return equipment

 See more on page 19
Creating value

How we share value with our stakeholders:

**OUR PEOPLE**

Investing in our people to provide opportunity for development and to ensure we take the very best care of our people.

 See more on page 19
**OUR CUSTOMERS**

The provision of cost-effective rental solutions to a diverse customer base.

 See more on page 20
**OUR SUPPLIERS**

Developing long-term relationships with suppliers.

 See more on page 43
**OUR COMMUNITIES**

Enhancing the communities in which we operate, through employment, opportunity and community involvement..

 See more on page 54
**OUR INVESTORS**

Generating sustainable returns for shareholders through the cycle. .

 See more on page 18
**OUR ENVIRONMENT**

Working to ensure we have a positive impact on the environment.

 See more on page 54

WHAT WE DO IS SIMPLE. HOW WE DO IT IS NOT.

At its most basic, our model is simple – we purchase an asset, we rent it to customers through our platform and generate a revenue stream each year we own it (on average, seven years) and then we sell it in the second-hand market and receive a proportion of the original purchase price in disposal proceeds. Assuming we purchase an asset for \$100, generate revenue of \$55 each year (equivalent to 55% dollar utilisation) and receive 35% of the original purchase price as disposal proceeds, we generate a return of \$420 on an initial outlay of \$100 over a seven-year useful life. We incur costs in providing this service, principally employee, maintenance, property and transportation costs and fleet depreciation. However, this simple overview encompasses a significant number of moving parts, activities and expertise that powers the platform to ensure Availability, Reliability and Ease for our customers. Our ability to excel in these areas enables us to provide a rewarding career for our team members, generate strong margins and deliver long-term, sustainable shareholder value, while managing the risks inherent in our business, even the unprecedented ones like COVID-19 (refer to pages 34 and 39).

MANAGING THE CYCLE

We describe ourselves as being a late cycle business in that our biggest end market, non-residential construction, is usually one of the last parts of the economy to be affected by a change in economic conditions. This means that we usually have a good degree of visibility on when we are likely to be affected, as the signs will have been visible in other parts of the economy for some time. We are therefore able to plan accordingly and react in a timely manner when necessary. While unable to plan for a 'black swan' event such as COVID-19, we were expecting a slow down in construction markets and were planning accordingly with lower levels of

capital expenditure. As a result of COVID-19, we accelerated these plans, enabling us to respond immediately and adapt our business to the changing environment. The actions we took as a result of the pandemic were all focused on how we could ensure we were better positioned and stronger than our competitors to take advantage of market changes once we were out the other side. As a result, as markets reopened post COVID-19, we were able to move quickly to adjust our capital expenditure plans to respond to market demand and, despite supply chain challenges, had our largest ever year of capital expenditure. See content on our strategy on page 22.

DIFFERENTIATING OUR FLEET AND SERVICE

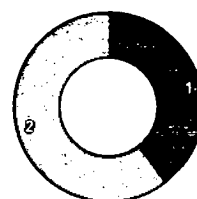
The differentiation in our fleet and service means that we provide equipment to many different sectors. Construction continues to be our largest market but now represents around 40% of our business in the US as we have deliberately reduced our reliance in this area through broadening our product offering and customer base. We continue to develop our specialty areas, such as Power and HVAC, Climate Control and Air Quality, Scaffold Services, Shoring Solutions and Flooring Solutions, which represent 30% of our US business. The acquisition of Mahaffey in December 2021 provided the foundation for our tenth Specialty business line, Temporary Structures, and the acquisition of ComRent added the market-leading load bank business to our Power and HVAC business enabling us to address better the rapidly advancing electrification environment. Residential construction is a small proportion of our business as it is not a heavy user of equipment. In the UK, specialty areas represent c. 60% of our business.

Our customers range in size and scale from multinational businesses, through strong local contractors to individual do-it-yourselfers. Our diversified customer base

includes construction, industrial and homeowner customers, service, repair and facility management businesses, emergency response organisations, event organisers, as well as government entities such as municipalities and specialist contractors. The nature of the business is such that it consists of a high number of low-value transactions. In the year to April 2022, Sunbelt US dealt with over 710,000 customers, who generated average rental revenue of \$8,500.

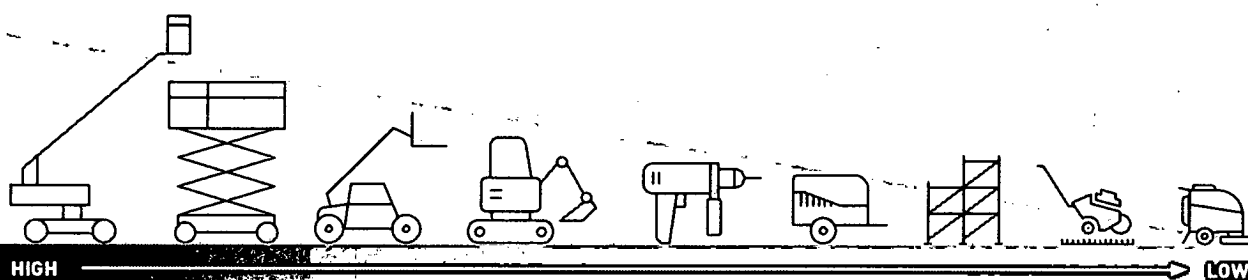
The individual components of our General Tool fleet are similar to our peers. However, this is complemented by our Specialty businesses offering a broad range of differentiated equipment. It is the breadth and depth of our fleet across our General Tool and Specialty businesses that differentiates us from our peers and provides the potential for higher returns. The size, age and mix of our rental fleet is driven by the needs of our customers, market conditions and overall demand. The equipment we provide to each customer is diverse and we are often involved in supplying various types of equipment over an extended period at each distinct stage of a project's development. Our equipment is also used in a wide range of other applications including industrial, events, repair and maintenance, and facilities management.

08 BUSINESS MIX – US



1 Construction.....	40%
2 Non-construction.....	60%

09 RENTAL PENETRATION: THE PRODUCT RANGE



HOW WE OPERATE

Our operating model is key to the way we deliver operational excellence:

- In the US we achieve scale through a clustered market approach of grouping large and small General Tool and Specialty rental locations in each market. This approach allows us to provide a comprehensive product offering and convenient service to our customers wherever their job sites may be within these markets. When combined with our purchasing power, this creates a virtuous circle of scale. You can find out more on our cluster strategy on page 25.
- In Canada, we are focused on expanding our presence in the Western and Eastern provinces, whilst achieving scale through a clustered market approach similar to the US. The businesses we acquired have strong positions in construction equipment, mobile elevating work platforms and general tools. We are expanding the range of products available to customers in all areas, including building up our specialty service offering.
- In the UK, our strategy is focused on having sufficient stores to allow us to offer a full range of general tool and specialty equipment on a nationwide basis. We are migrating to a regional operating centre model with a few, larger locations which are able to address all the needs of our customers in their respective markets, combined with smaller, local locations, not dissimilar to a cluster approach. This approach reflects the nature of the customer base (more national accounts) and the smaller geography of the UK.
- Across our rental fleet, we seek generally to carry equipment from one or two suppliers in each product range and to limit the number of model types of each product. We believe that having a standardised fleet results in lower costs. This is because we obtain greater discounts by purchasing in bulk and reduce maintenance costs. We are also able to share spare parts between stores which helps minimise the risk of over-stocking. Furthermore, we can easily transfer fleet between locations which helps us achieve strong levels of fleet on rent, one of our key performance indicators ('KPIs').
- We purchase equipment from well-known manufacturers with strong reputations for product quality and reliability and maintain close relationships with them to ensure certainty of supply and good after-purchase service and support. We work with suppliers to provide early visibility of our equipment needs which enables them to plan their production schedules and ensures we receive the fleet when we need it.
- We also aim to offer a full service solution for our customers in all scenarios. Our Specialty product range includes equipment types such as pumps, power generation, heating, cooling, scaffolding, traffic management, temporary flooring, trench shoring and lifting services, which involve providing service expertise as well as equipment.
- We look to build rental penetration through expanding the breadth and depth of equipment we rent. As well as our Specialty businesses, we are also increasingly focused on developing the rental penetration of the smaller end of our product range. Chart 09 shows how the largest equipment in our fleet has high levels of rental penetration while the smaller, but often still costly to own, equipment has not traditionally been a large part of the rental mix.
- We invest heavily in technology, including the mobile applications required to deliver efficient customer service. Customers can track the equipment they have on rent, place new orders, request pick-up or service or extend their contract remotely. Our sales reps have access to the same information, along with details of the location of our fleet and all other information required to serve the customer. Our order fulfilment system utilises automated workflows connected to and powering our point of sale and logistics systems to enable our sales reps to say 'yes' with increased confidence. Technology enables our business and provides power to the platform and a significant advantage over our competitors.
- Our large and experienced sales force is encouraged to build and reinforce customer relationships and to concentrate on generating strong, whole-life returns from our rental fleet. Our sales force works closely with our customers to ensure we meet their needs. Through the application of technology, it is equipped with real-time access to fleet availability and pricing information enabling it to respond rapidly to the needs of a customer while optimising returns.
- We guarantee our service standards and promise our customers we will make it happen. We believe that our focus on customer service and the guarantees we offer help distinguish our businesses from competitors and assist us in delivering superior financial returns. Our responsiveness to customer needs is critical in a business where c. 65% of orders are placed for delivery within 24 hours. We have long-standing relationships with many of our customers. Our customer retention is high due to the scale and quality of our fleet, our speed of response and our customer service.
- Our local management teams are experienced and incentivised to produce strong financial returns and high quality standards. We believe that the autonomy given to management teams to take decisions locally ensures that, despite our size, we retain the feel of a small, local business for our employees.

INVESTING IN OUR PEOPLE

Our people enable us to provide the exceptional customer service that keeps our customers coming back. Our exceptional staff and focus on service give us a huge competitive advantage in what we do. On pages 59 to 61 we discuss the importance of our team members and corporate culture in more detail. We aim to recruit good people and then invest in them throughout their careers.

ANYTOWN NORTH AMERICA



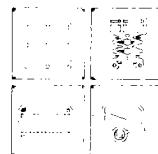
Managing the flow of water
and wastewater plants for
highly skilled personnel
and equipment



Designing, building and
maintaining infrastructure
from bridges to roads and
bridges



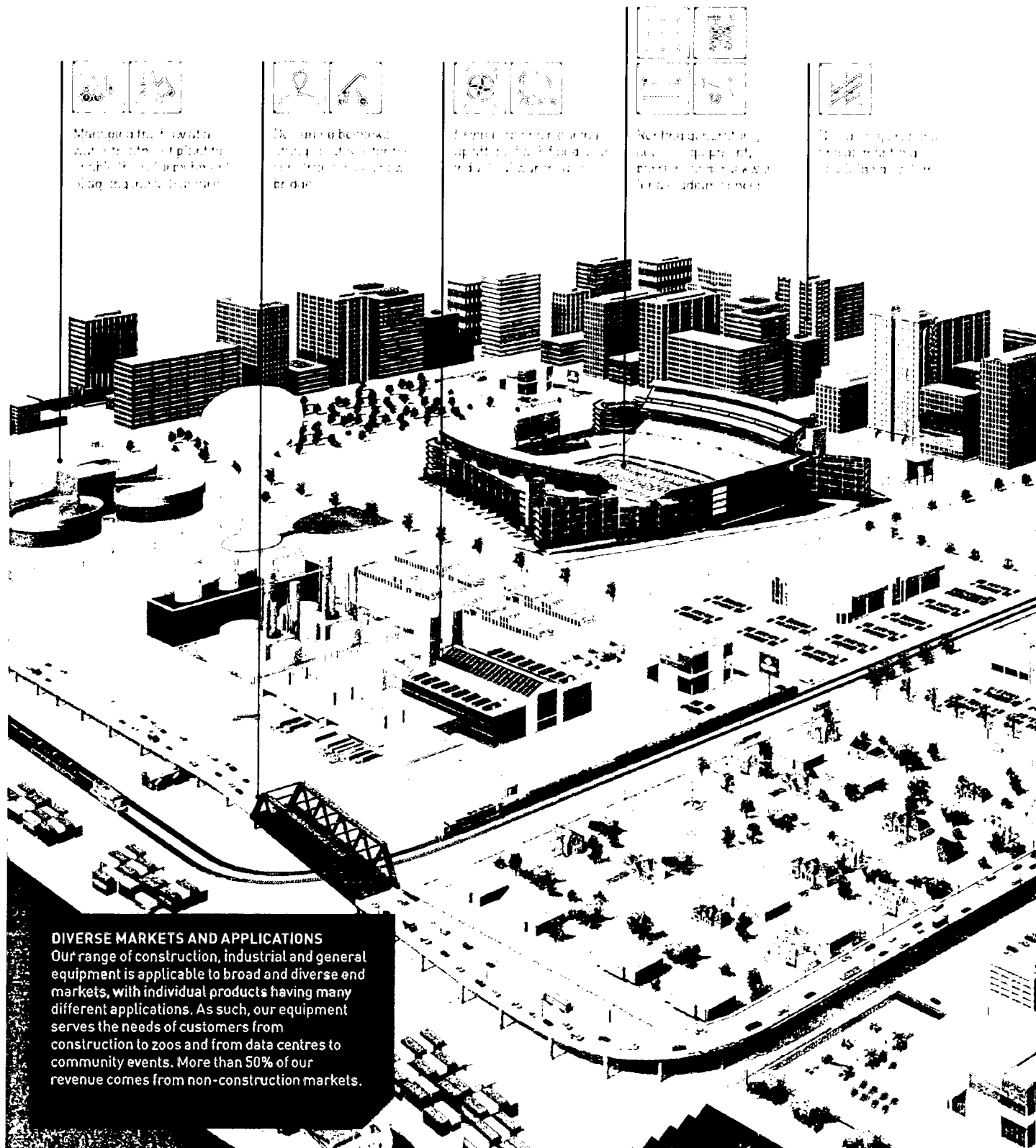
Designing and building
apartments, hotels and
other commercial buildings



Assembling and installing
equipment, parts and
components for
industrial plants



Designing and building
infrastructure for
industrial plants



DIVERSE MARKETS AND APPLICATIONS

Our range of construction, industrial and general equipment is applicable to broad and diverse end markets, with individual products having many different applications. As such, our equipment serves the needs of customers from construction to zoos and from data centres to community events. More than 50% of our revenue comes from non-construction markets.



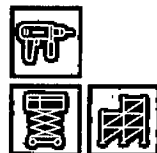
Providing equipment for facilities management at a shopping complex



Power generation, load banks, temporary HVAC solutions, access, environmentally-friendly focused solutions



Providing traffic management solutions for engineering projects



Facilitating fit-out and ongoing maintenance at a power plant



Indoor Air Quality, facility maintenance, advanced climate control applications



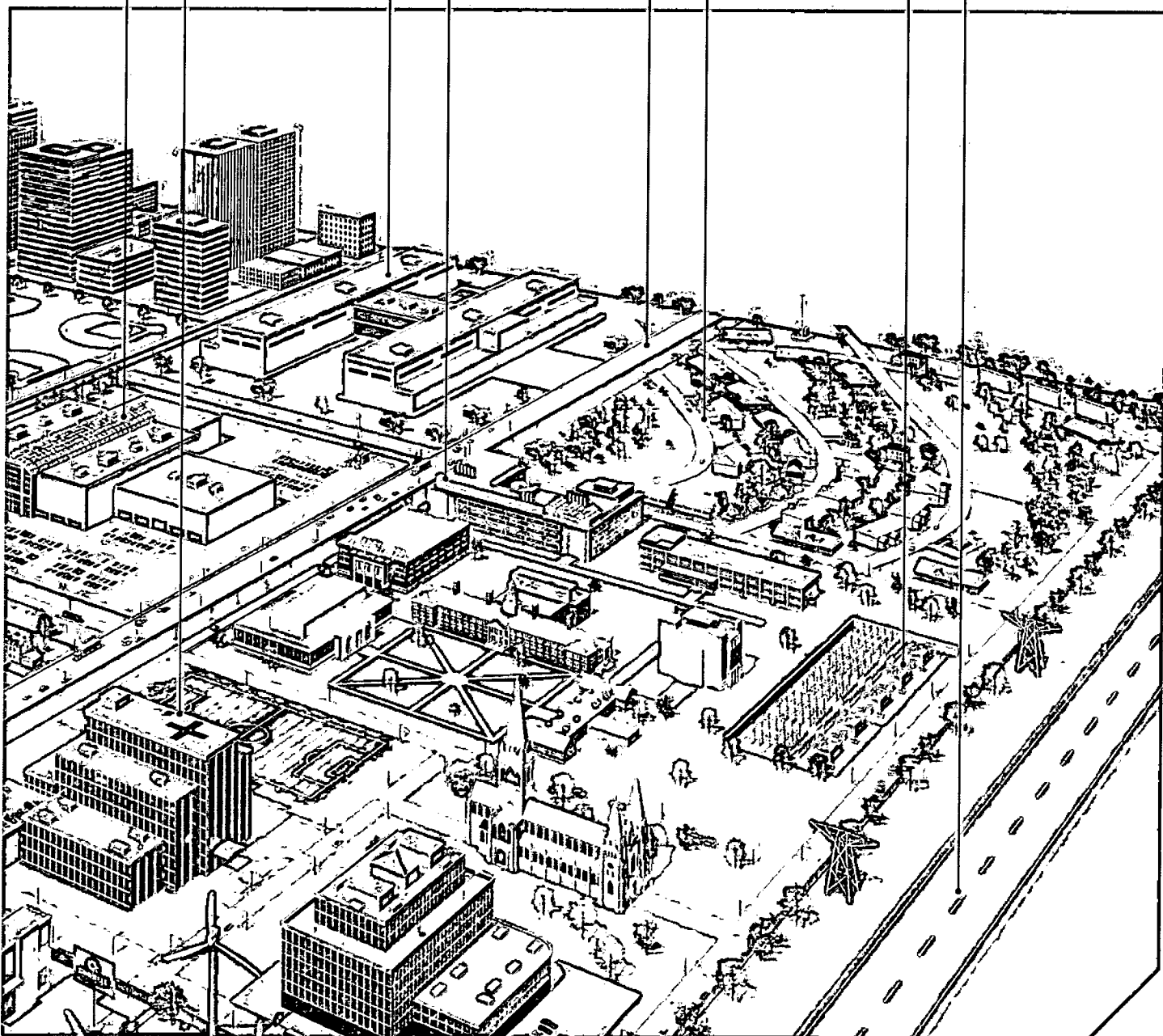
Providing temporary climate control solutions for retail premises and office buildings



On-site tool hire, accommodation and maintenance for a new residential construction site



Tarmac/runway resurfacing, construction/remodelling of terminals, facility maintenance, floor care maintenance



OUR STRATEGY

AMBITION WITH PURPOSE – SUNBELT 3.0

Following our successful Project 2021, during which we increased our revenue almost 75% from \$3,825m in 2016 to \$6,639m in 2021, we launched the latest iteration of our strategic plan, Sunbelt 3.0, in April 2021. Sunbelt 3.0 is ambitious and reflects what we believe is achievable for Ashtead. Our plan is infused with purpose for all our stakeholders; our people, our customers, our suppliers, our investors and our communities, and underpinned by critical cultural elements. We are already seeing big cultural shifts across our entire business and all our territories.

Our business, even under normal circumstances, is cyclical and we have created a business model that not only accommodates that, but capitalises on it. We seek to make the most of the structural growth opportunities available to us, particularly in the US and Canada, through same-store investment, greenfields and bolt-ons. From 2011 to 2021, we achieved 16% compound annual

growth in the US, of which two-thirds was from market share gains. Now we are taking the business to the next level, through Sunbelt 3.0.

We are conservative in our approach to maintaining a stable and secure balance sheet throughout the cycle which gives us the flexibility to manage changes to the business and its environment, as and when they occur. We have been able to take decisions based on the long-term prospects for the business without having to take short-term decisions that could damage the fabric of it. The past two years have demonstrated perhaps more than anything else, our ability to not only withstand difficult market conditions, but actually to flourish under them. We have emerged from this period stronger than ever. Being a highly diversified business has enabled that, as does our strategic planning for any eventuality. We work well in good times and bad. That is what we do.

Our goal for Sunbelt 3.0 is to add 298 greenfield locations across North America bringing us to a total of 1,234 locations in 2024, while in the UK, the focus is on transforming the business over the 3.0 period to deliver enhanced and sustainable margins and returns. We have already added 88 greenfield locations in North America and a further 35 through bolt-ons, and the UK business is seeing improved performance from operating as a more cohesive unit. We are guided by five actionable components which help us capitalise on the structural growth opportunities still very much available in North America and position us as the leading rental company in the UK. These are underpinned by three cultural elements that make us who we are, investing in our people, maintaining our entrepreneurial culture but doing that at scale, and continuing to bring Availability, Reliability and Ease to our customers.

ACTIONABLE COMPONENTS		
1	Grow General Tool and advance our clusters	Advance our clustered market approach through a proven playbook to meet demand and enable increased rental penetration in North America while optimising our operational network in the UK.
2	Amplify Specialty	Drive accelerated growth through recently realised Specialty scale, unique cross-selling capabilities, and demand in the early phases of rental penetration.
3	Advance technology	Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capture the benefits of scale across the Group.
4	Lead with ESG	Embracing responsible sustainability and success for our people, our customers, our communities and our investors; while unlocking structural benefits ESG will bring to rental across the Group.
5	Dynamic capital allocation	Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.
Underpinned by cultural elements		
Invest in our people		Bringing Availability, Reliability and Ease to our customers
Entrepreneurialism with scale		

Our goal in the long-term is to achieve 20% market share in North America and continue to grow our share of the UK market. We believe these are realistic goals given the way the rental market continues to evolve and the way we do business. Consistent implementation of our strategy across the economic cycle will ensure we are in a strong position at all times to take advantage of the opportunities presented.

OUR SUNBELT 3.0 STRATEGIC PRIORITIES

STRATEGIC PRIORITY	KEY INITIATIVES	UPDATE	RELEVANT KPIs	RELATED RISKS
1 Grow General Tool and advance our clusters	<ul style="list-style-type: none"> - Organic fleet growth - 126 greenfield openings in North America - Bolt-on M&A - 49 of top 100 US markets clustered by 2024 - Four of top 10 Canadian markets clustered by 2024 	<ul style="list-style-type: none"> - 12% US market share - 8% Canadian market share - 10% UK market share - 13% increase in US average fleet on rent - 15% increase in Canadian average fleet on rent - 88 greenfield openings in North America 	<ul style="list-style-type: none"> - RoI - Fleet on rent - Dollar utilisation - EBITDA margins 	<ul style="list-style-type: none"> - Economic conditions - Competition - People and culture
2 Amplify Specialty	<ul style="list-style-type: none"> - Revenue growth from \$1.4bn to \$2.4bn - Organic fleet growth - 172 greenfield openings - Bolt-on M&A - Develop Specialty products - Focus on cross-selling 	<ul style="list-style-type: none"> - Specialty revenue of \$2.0bn - 39 of top 100 US markets clustered - Three of top 10 Canadian markets clustered - Mahaffey acquisition creates 10th Specialty business, temporary structures 	<ul style="list-style-type: none"> - RoI - Fleet on rent - Dollar utilisation - EBITDA margins 	<ul style="list-style-type: none"> - Economic conditions - Competition - People and culture
3 Advance technology	<ul style="list-style-type: none"> - Operational improvement: <ul style="list-style-type: none"> - delivery cost recovery - fleet efficiency - Increased use of technology to drive optimal service and revenue growth - ARE initiative: Availability, Reliability, Ease 	<ul style="list-style-type: none"> - Dollar utilisation: <ul style="list-style-type: none"> - US: 57% - Canada: 55% - UK: 58% - EBITDA margins: <ul style="list-style-type: none"> - US: 48% - Canada: 45% - UK: 30% 	<ul style="list-style-type: none"> - Fleet on rent - Dollar utilisation - EBITDA margins 	<ul style="list-style-type: none"> - Cyber security - Laws and regulations
4 Lead with ESG	Making ESG core to how we operate: <ul style="list-style-type: none"> - Focus on culture - Focus on safety 	<ul style="list-style-type: none"> - 42.2 tCO₂e/\$m - (2021: 48.5 tCO₂e/\$m) - Staff turnover <ul style="list-style-type: none"> - US: 21% - Canada: 28% - UK: 25% - RIDDOR reportable rates <ul style="list-style-type: none"> - US: 0.17 - Canada: 0.15 - UK: 0.22 	<ul style="list-style-type: none"> - Carbon intensity - Staff turnover - Safety 	<ul style="list-style-type: none"> - People and culture - Health and safety - Environmental
5 Dynamic capital allocation	<ul style="list-style-type: none"> - Organic growth investment in existing locations and greenfield sites - Bolt-on M&A - Returns to shareholders 	<ul style="list-style-type: none"> - \$2,397m of capital invested in the business (2021: \$947m) - \$1,274m spent on current year acquisitions (2021: \$172m) - \$269m paid in dividends (2021: \$235m) - Leverage of 1.5x EBITDA (excluding IFRS 16) - \$414m allocated to share buyback 	<ul style="list-style-type: none"> - Adjusted EPS - RoI - Net debt and leverage 	<ul style="list-style-type: none"> - Economic conditions - Competition

1 GROW GENERAL TOOL AND ADVANCE OUR CLUSTERS

The first of our actionable components is to grow our General Tool business and advance our proven clustered market approach to meet demand and enable increased rental penetration in North America. In the UK, our focus is on optimising our operational network. We are focused on achieving operational improvements in existing locations, exploiting latent capacity in newly opened locations, investing in fleet, leveraging the economics of our cluster approach and improving rental rates.

We plan to open 126 General Tool greenfield locations whose location has been determined based on our experience and analytics down to the zip code level. This analysis includes our assessment of current market share, fleet per capita, customer statistics, construction starts, proximity to existing locations, square footage under roof and the competitive landscape. Our greenfield openings are

biased towards the western part of the US where we have lower market share. This organic growth strategy is being complemented by bolt-ons.

Our plans during Sunbelt 3.0 for Canada involve bringing our market share to our 2021 US level through 26 greenfield openings, across all provinces and advancing our clusters around Toronto which is the largest rental market. When we entered the Canadian market in 2014 we acquired six locations in Western Canada. In 2022 we have 66 General Tool locations and by 2024 we will have 86.

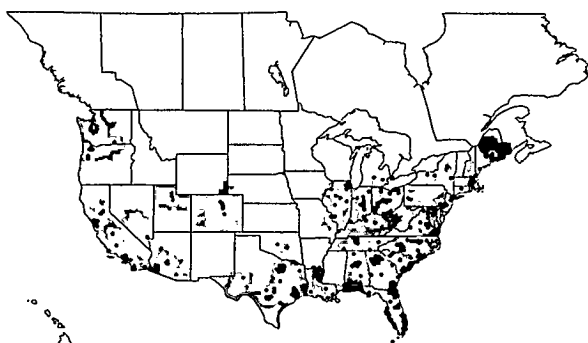
There is a drag on margins when we open new stores but generally they improve quickly as they deliver more revenue and later broaden the fleet and customer mix. The same happens with acquisitions because we buy businesses we can improve, either operationally or through additional investment, or both. Even when the market declines, as was the case in

2020/21, our stores can continue to benefit from the structural part of the growth which is independent of the market. This is why we are consistently able to outperform both our competitors and the market. The strength of our brand and reputation means that greenfield sites become profitable very quickly. The diversity of our product portfolio and services only adds to this.

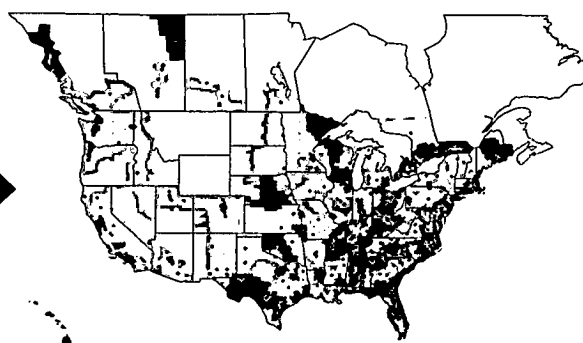
Structural growth is people choosing to rent more equipment (increased rental penetration) and the big getting bigger (increased market share). We are able to keep growing because we prioritise investment in the fleet and have the financial security to do that. Our customers want good quality fleet, readily available to meet their needs. Investing in a broad range of fleet and backing that up with great service means our customers remain loyal and do not need to look elsewhere. Prioritising higher return on investment ('RoI') products further helps our growth.

10 MARKET SHARE AND GROWTH STRATEGY

APRIL 2012



APRIL 2022



Market share:

□ 0% □ 10% ■ 15%

Locations:

● April 2012 ● Location growth May 2012 to April 2022

Source: IHS Markit/ARA: State of the Equipment Rental Industry, April 2022 and management estimates.

Our cluster approach

Our cluster approach is an important aspect of our strategy. Our greenfield sites are chosen to enhance our existing business. We focus on building clusters of stores because, as they mature, they access a broader range of markets unrelated to construction leading to better margins and RoI. The size and composition of a cluster depends on the market size based on Designated Market Areas.

A top 25 market cluster in the US has more than 15 stores, a top 26-50 market cluster more than ten stores and a top 51-100 market more than four stores. We also include the smaller 101-210 markets within our cluster analysis. We have found that these smaller markets, while performing less well than others overall, often prove more resilient when times are less good. Our definition of a cluster in these markets is two or more stores. Creating clusters is also a key element of our expansion strategy in Canada which also helps us increase the Specialty business element of what we can provide for customers. With the advanced technology we have in place, we are able to analyse local market data very accurately. This allows us to find similarities between certain US and Canadian centres, and model our growth plans accordingly. The more customers get to know and trust us, the faster we are able to grow.

We focus on ensuring our clusters meet the multiple needs of local customers even if that means some stores may appear superficially to perform less well than others. The interaction of the stores in a cluster is what gives us real competitive advantage. We find that having a blend of locations is highly desirable and we like to mix up the large equipment locations with smaller General Tool stores. The addition of Specialty stores serves to really differentiate us from competitors in the area. This enables us to broaden and diversify our customer base and our end markets, as we extend our reach within a market. Average revenue per store is not a relevant measure with which to evaluate the success of individual clusters or even the business as a whole. The value is in the mix.

11 OPPORTUNITY TO BUILD OUT FURTHER CLUSTERS

US				
Rental markets	Top 25	26-50	51-100	100-210
Rental market %	57%	19%	16%	8%
Cluster definition	>15	>10	>4	>1
Clustered	15 markets	9 markets	15 markets	16 markets

Canada			
Rental markets	Top 5	6-10	11-55
Rental market %	67%	20%	13%
Cluster definition	>7	>4	>1
Clustered	2 markets	1 market	7 markets

Source: Management information.



2 AMPLIFY SPECIALTY

Our second actionable component is to amplify our Specialty businesses which focus on products with comparatively low rental penetration in predominantly non-construction markets. These products are often a natural add-on to our General Tool products and services. We are always looking for new rental opportunities and to expand the number of our Specialty businesses which in North America include:

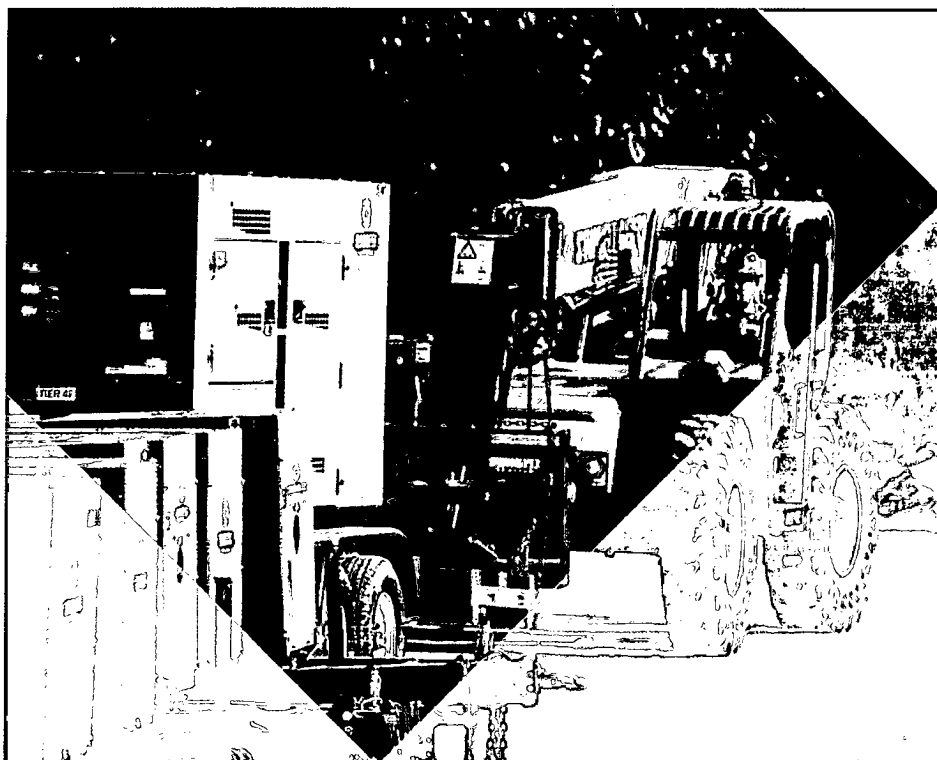
- Power and HVAC;
- Climate Control and Air Quality;
- Scaffold Services;
- Flooring Solutions;
- Pump Solutions;
- Lighting, Grip and Lens;
- Ground Protection;
- Industrial Tool;
- Shoring Solutions; and
- Temporary Structures.

In North America we are investing in fleet to enable existing location growth as well as continuing our greenfield openings and bolt-on acquisitions. We are scaling the less developed business lines and identifying, exploring and developing new white and grey space opportunities. A good example of grey space was our acquisition of Mahaffey in December 2021, establishing our 10th Specialty business line, temporary structures.

Our Specialty businesses are true specialisms with in-house experts in each business line with in-depth product and application knowledge, who enable us to provide the very best level of service to our customers.

We are looking to grow our North American Specialty revenue to c. \$2.4bn during Sunbelt 3.0 through our ambitious plans to drive rental penetration and increase our market share. We have made significant progress in the first year of Sunbelt 3.0 with revenue of \$2.0bn. We have a broad-based team identifying new rental product ideas for both existing and new businesses, and a culture that encourages ideas at all levels of the organisation, building entrepreneurialism with scale.

In the UK we are making targeted fleet investment, accelerating Specialty growth through cross-selling and also identifying and developing new opportunities. In the UK we are already seeing significant growth in cross-referrals.



3 ADVANCE TECHNOLOGY

The third of our strategic actionable components is advancing the way we use technology. We are moving from being an industry-leading technology platform to being a leader among the broader industrial and service sector, further improving our customer value proposition and capturing benefits of scale across the Group. We do this by: leveraging our experience, culture and the data we accumulate day-to-day; making what we create, sustainable and scalable; building a technology-driven ecosystem; enabling eCommerce across all channels; ensuring we improve further our customer value proposition of Availability, Reliability and Ease; and migrating our common applications to a group-wide platform.

We have a robust technology infrastructure which supports our proprietary systems with the aim of continuous improvement to enable The Perfect Rental™. With c. 65% of orders placed for delivery within 24 hours, our goal is to enable our sales force to say 'yes' confidently, through the use of our proprietary cloud-based sourcing decision engine, Chronos. Our Sunbelt 3.0 technology roadmap is designed to enhance the capability of all our systems, mobile applications and tools to make them ever smarter and more flexible, such that they deliver improvements in customer service, procurement opportunities, service operations, logistics and our management of resources. We are focused specifically on increasing order capture, improving time utilisation, improving rental rates and enhancing dynamic pricing.



THE PERFECT RENTAL™



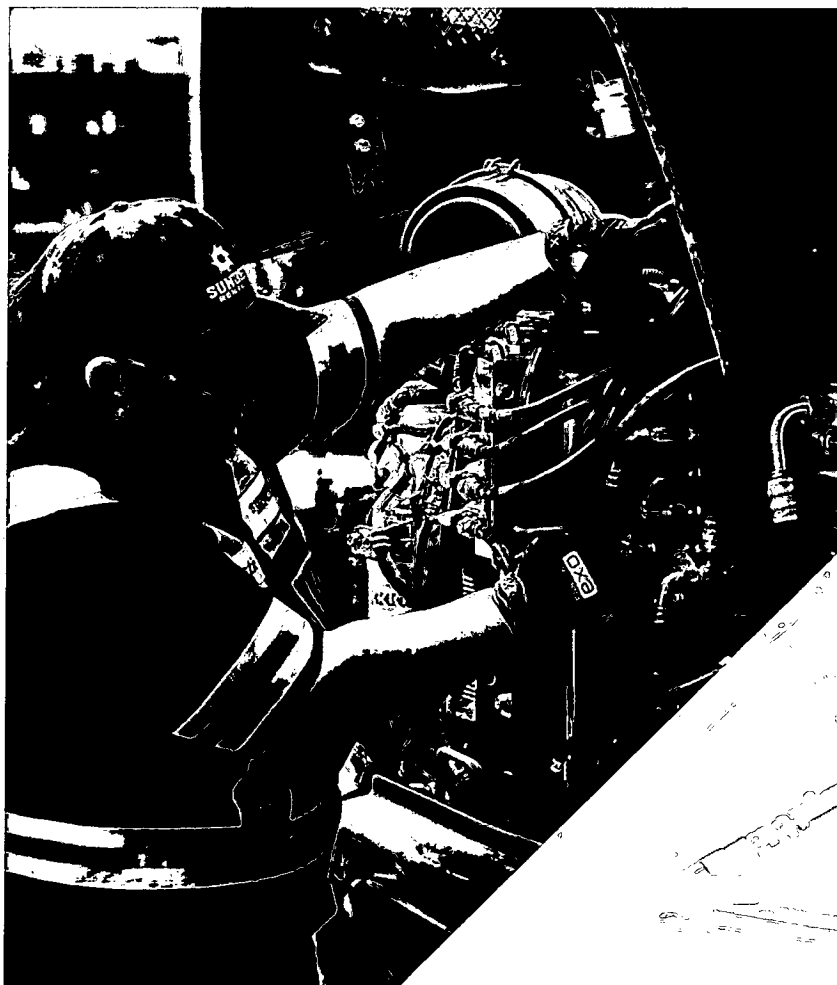
- ✓ Safety for our people, our customers and our communities
- ✓ Availability, Reliability and Ease
- ✓ Professional and friendly interaction
- ✓ Right equipment for the application
- ✓ Delivered on time
- ✓ Easy and efficient omni-channel experience
- ✓ Smartly dispatched
- ✓ No breakdown in first 48 hours
- ✓ Optimised pricing
- ✓ Proactive telematics notifications
- ✓ Sustainable process
- ✓ The Sunbelt Promise

IF IT'S NOT PERFECT, WE MAKE IT RIGHT!



LEAD WITH ESG

A major update to our strategy in launching Sunbelt 3.0 was the inclusion, for the first time, of ESG as an actionable component. Responsible sustainability has always been important to the Group and part of our activities day-to-day, but now it is formally embedded into our strategy for the benefit of our people, customers, suppliers, communities and investors, as well as optimising the structural benefits ESG brings to rental. This is an important element in what we mean by Ambition with Purpose for Sunbelt 3.0. We believe there are enormous benefits to the environment from rental versus ownership at all stages of the business life cycle, supply chain, operations, customer use and end of life of equipment. It is far better for the environment for many customers to rent one piece of well-maintained and safe equipment only when they need it, than for many customers to each purchase said piece of equipment, use it a few times, fail to maintain it properly and then throw it away when it becomes obsolete or just no longer needed. This is a prime example of the sharing economy. Increased rental of shared assets reduces the number of machines that need to be manufactured with the benefit of lower consumption of raw materials, fewer manufacturing facilities and hence, lower energy requirements, and fewer assets to be disposed of end of life. Our rental equipment is also amongst the greenest available as we renew our fleet on a regular basis and take advantage of the latest technology. We have made a commitment to reduce our Scope 1 and 2 carbon intensity by 35% by 2030 and by 15% during Sunbelt 3.0. This will come principally from environmental efficiencies in our transportation fleet and the facilities we operate.



From a social perspective, our people have always been first on the priority list and that was ever more evident during COVID-19. Ours is a culture committed to employee safety, engagement, diversity, equity and inclusion, and providing a Leading / Living Wage. Putting our people first allows them to give us enormous competitive advantage. Our skilled workforce is instrumental to the Group's long-term success and we preserved our committed workforce during COVID-19 so that we were ready for the recovery when it came.

As an essential service provider we support our customers and communities whether that be investing in the communities in which our people reside, first responder participation for emergencies, or natural disaster response such as hurricane relief. You can read more about our ESG strategy in our Responsible business report on page 54 and about governance in the Corporate governance report on page 84.

5 DYNAMIC CAPITAL ALLOCATION

Our final actionable component is dynamic capital allocation; the consistent application of our capital application policy to optimise capital deployment for the benefit of all our stakeholders.

Maintaining financial and operational flexibility enables us to flex our business and operational models through the economic cycle. This enables us to react quickly to both opportunities in the market and negative changes. The more growth we experience and plan for, the more financial and operational flexibility we need. A key element of our strategy is ensuring we have the financial strength to enable growth when appropriate and make our returns sustainable. Having a strong balance sheet is fundamental to our success at all stages in the cycle.

Our consistently applied policy continues with the following allocation priorities:

- organic growth investment in existing locations and greenfield sites;
- bolt-on acquisitions; and
- returns to shareholders – a progressive dividend policy and share buybacks to maintain our target leverage range.

A core element of our financial stability comes from our strategy of ensuring that, averaged across the economic cycle, we always deliver RoI well ahead of our cost of capital. RoI through the cycle is the key measure for any rental company and the best medium-term indicator of the strength of the business. We do this in a variety of ways at different stages of the cycle, all focused on the effective management of invested capital and financial discipline.

The maturity of our stores has a big impact on RoI. As stores mature, and the size and range of fleet increases, there is natural margin and returns progression. Stores that were greenfield sites only two years ago are now already adding same-store growth. We are always focused on moving new and young stores up the maturity curve as there is scope for higher returns as they progress. This also means that we are now at a very different stage in our evolution in the current economic cycle relative to where we were in the last cycle. We have more stores and they are larger and more mature than at the peak of the last cycle, and are well placed to take advantage of growth opportunities and much better placed to weather downturns, when they arise, as we have seen over the last two years.

We have been consistent in our commitment to both low leverage and a well-invested fleet, and we benefit from the options this strategy has provided. The length and gradual nature of the last cycle enabled us to establish a smooth, well distributed fleet profile across the age bands which provides significant flexibility across the economic cycle. Traditionally, rental companies have only generated cash in a downturn when they reduce capital expenditure and age their fleet. In the upturn, they consume cash as they replace their fleets and then seek to grow. We have changed this dynamic through the cycle with our scale and strong

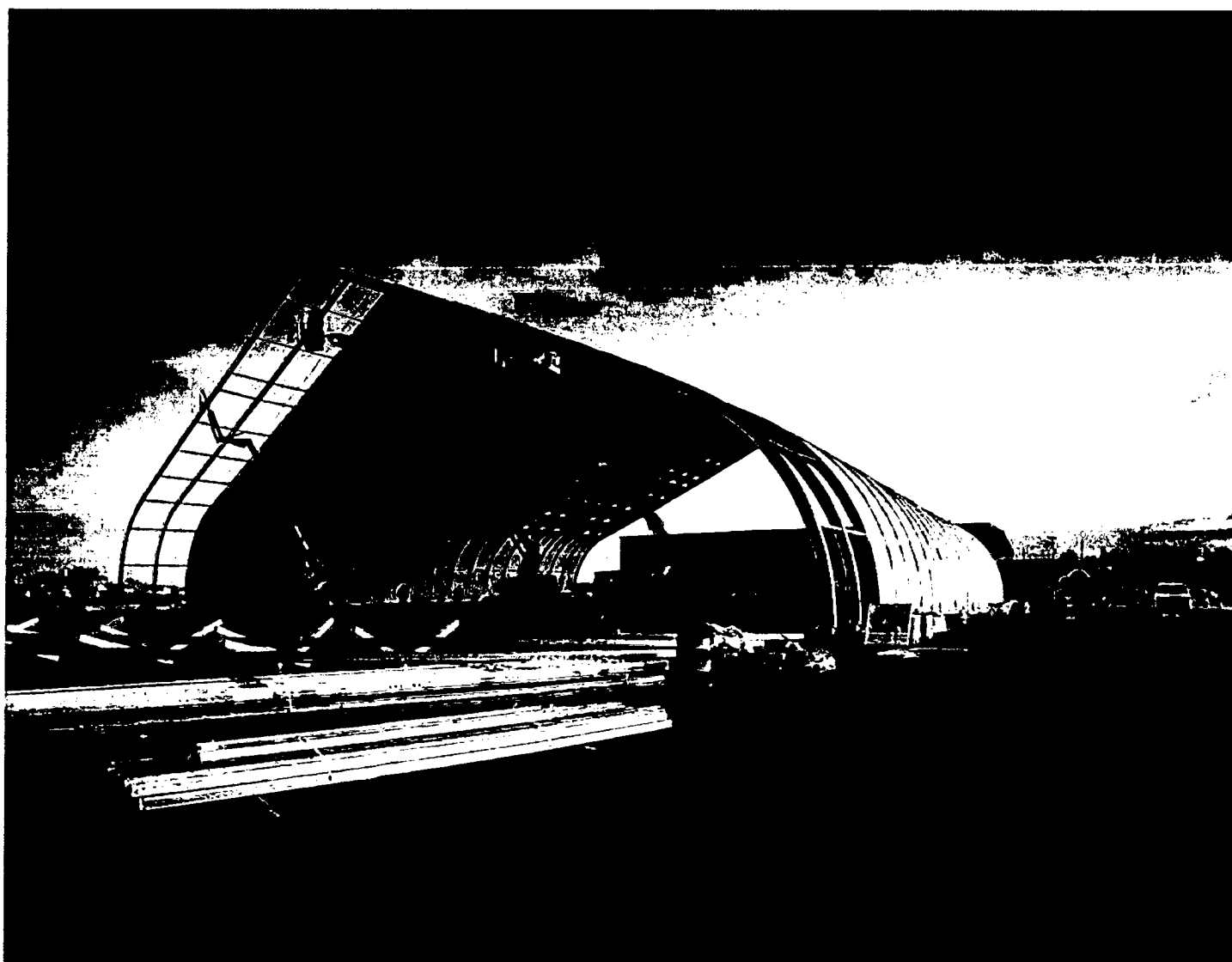
margins. We have been in a phase where we continued to grow the business in the latter part of the last cycle and were highly cash generative. This cash generation continued in 2021/22, with free cash flow of \$1,125m, while we invested significantly in the business. Our leverage remains at the bottom of our target range of 1.5 to 2.0 times net debt to EBITDA (excluding IFRS 16) which provides the Group with significant flexibility, security and a platform for growth as we look to improving markets.

This financial position, when combined with the scale, maturity and diversity of the business, puts us in a strong position as we implement Sunbelt 3.0. Free cash flow from operations will fund 100% of our ambitious Sunbelt 3.0 organic growth plans, leaving significant capacity for bolt-ons and returns to shareholders.

CULTURAL ELEMENTS

Underpinning our five actionable components are our cultural elements of investing in our people; fostering a culture of 'entrepreneurialism with scale'; and continuously delivering on our customer promise of Availability, Reliability and Ease. We believe our culture drives the success of our business and, as such, these elements underpin our strategic plan and are critical to its delivery.

2. AMPLIFY SPECIALTY



OUR STRATEGY

2

Drive accelerated growth by leveraging recently realised Specialty scale, unique cross-selling capabilities and demand in the early phases of rental penetration.

2022 HIGHLIGHTS

\$2.0BN SPECIALTY REVENUE IN 2021/22

SCALING OF LESS DEVELOPED BUSINESSES

72 GREENFIELD LOCATIONS ADDED IN 2021/22

4 SPECIALTY ACQUISITIONS COMPLETED



429

Specialty locations
at April 2022



+34%

growth in North American
Specialty revenue in
2021/22

SUNBELT 3.0 IN ACTION

The acquisition of Mahaffey provides the foundation to add a new Specialty business line to our portfolio this year, bringing the total to 10. Mahaffey is the market leader in temporary structure rentals servicing the emergency response, industrial and events markets. We have a long history of collaborating with Mahaffey and we know this business has great growth prospects and we will benefit from cross-selling opportunities.

We also acquired ComRent, the market-leading load bank rental business. The load bank market represents an excellent growth opportunity in the rapidly advancing electrification environment. This acquisition makes us North America's largest provider of load banks and related services. ComRent will be a part of our largest Specialty business, Power and HVAC, creating even more powerful cross-selling opportunities.

KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

At Group level, we measure the performance of the business using a number of key performance indicators ('KPIs'). These help to ensure that we are delivering against our strategic priorities as set out on page 22. Several of these KPIs (adjusted EPS, return on investment, leverage and carbon intensity) influence the remuneration of our executive team (see page 97).

Certain KPIs are more appropriately measured for each of our operating businesses, whereas other KPIs are best measured for the Group as a whole.

KEY

Link to strategic priority:

- 1** Grow General Tool and advance our clusters
- 2** Amplify Specialty
- 3** Advance technology
- 4** Lead with ESG
- 5** Dynamic capital allocation

R Linked to remuneration

ADJUSTED EPS (£)	RETURN ON INVESTMENT ('ROI') (%)	NET DEBT AND LEVERAGE AT CONSTANT EXCHANGE RATES																																										
1 2 5 R	1 2 5 R	5 R																																										
<table><thead><tr><th>Year</th><th>Adjusted EPS (£)</th></tr></thead><tbody><tr><td>2018</td><td>171</td></tr><tr><td>2019</td><td>227</td></tr><tr><td>2020</td><td>222</td></tr><tr><td>2021</td><td>219</td></tr><tr><td>2022</td><td>307</td></tr></tbody></table>	Year	Adjusted EPS (£)	2018	171	2019	227	2020	222	2021	219	2022	307	<table><thead><tr><th>Year</th><th>ROI (%)</th></tr></thead><tbody><tr><td>2018</td><td>18</td></tr><tr><td>2019</td><td>18</td></tr><tr><td>2020</td><td>15</td></tr><tr><td>2021</td><td>15</td></tr><tr><td>2022</td><td>18</td></tr></tbody></table>	Year	ROI (%)	2018	18	2019	18	2020	15	2021	15	2022	18	<table><thead><tr><th>Period</th><th>Net debt (£m)</th><th>Leverage (x)</th></tr></thead><tbody><tr><td>APR 18</td><td>3,736</td><td>1.6</td></tr><tr><td>APR 19</td><td>4,882</td><td>1.8</td></tr><tr><td>APR 20</td><td>5,368</td><td>1.9</td></tr><tr><td>APR 21</td><td>4,180</td><td>1.4</td></tr><tr><td>APR 22</td><td>5,179</td><td>1.5</td></tr></tbody></table> <p>■ Net debt (£m) ● Leverage (x)</p>	Period	Net debt (£m)	Leverage (x)	APR 18	3,736	1.6	APR 19	4,882	1.8	APR 20	5,368	1.9	APR 21	4,180	1.4	APR 22	5,179	1.5
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<p>Calculation Adjusted Group profit after taxation divided by the weighted average number of shares in issue (excluding shares held by the Company and the ESOT).</p> <p>Target As a cyclical business, adjusted EPS varies through the cycle.</p> <p>2022 performance Adjusted EPS was 307.14 per share in 2021/22.</p>	<p>Calculation Last 12-month ('LTM') adjusted operating profit divided by the LTM average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. RoI is calculated excluding the impact of IFRS 16.</p> <p>Target Averaged across the economic cycle we look to deliver RoI well ahead of our cost of capital, as discussed in our strategic review.</p> <p>2022 performance Our RoI was 18% for the year ended 30 April 2022.</p>	<p>Calculation Net debt is total debt less cash balances, as reported, and leverage is net debt divided by EBITDA, calculated at constant exchange rates (balance sheet rate). Both net debt and leverage exclude the impact of IFRS 16.</p> <p>Target We seek to maintain a conservative balance sheet structure with a target for net debt to EBITDA of 1.5 to 2.0 times (excluding IFRS 16).</p> <p>2022 performance Excluding lease liabilities arising under IFRS 16, net debt at 30 April 2022 was \$5,179m and leverage was 1.5 times.</p>																																										

FLEET ON RENT (\$M/£M/C\$M)	DOLLAR UTILISATION (%)	EBITDA MARGINS (%)
1 2 3	1 2	1 2 3 6
<p>2020 2021 2022</p> <p>■ US ■ UK ■ Canada</p>	<p>2020 2021 2022</p> <p>■ US ■ UK ■ Canada</p>	<p>2020 2021 2022</p> <p>■ US ■ UK ■ Canada</p>
<p>Calculation Fleet on rent is measured as the daily average of the original cost of our itemised equipment on rent.</p> <p>Target To achieve growth rates in excess of the growth in our markets and that of our competitors.</p> <p>2022 performance In the US, fleet on rent increased 13% (rental revenue up 22%), in Canada, fleet on rent increased by 15% (rental revenue up 30%), while in the UK it increased by 9% (rental revenue up 13%). The US market increased by 9%, the Canadian market by 17% and the UK market by 8%.</p>	<p>Calculation Dollar utilisation is rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period.</p> <p>Target Improve dollar utilisation to drive improving returns in the business.</p> <p>2022 performance Dollar utilisation was 57% in the US, 55% in Canada and 58% in the UK. The increase in the US and Canada reflects better fleet utilisation following the COVID-19 pandemic and an improved rate environment. In the UK, the increase reflects the work done for the Department of Health.</p>	<p>Calculation EBITDA as a percentage of total revenue.</p> <p>Target To improve or maintain margins with EBITDA margins of 40-50% in the US, 40-45% in Canada and 35-40% in the UK.</p> <p>2022 performance EBITDA margins in 2021/22 were 48% in the US, 30% in the UK and 45% in Canada.</p>

CARBON INTENSITY (TCO ₂ e/\$m)	STAFF TURNOVER (%)	SAFETY
4 R	4	4
<p>2018 2020 2021 2022</p>	<p>2020 2021 2022</p> <p>■ US ■ UK ■ Canada</p>	<p>2020 2021 2022</p> <p>■ US ■ UK ■ Canada</p>
<p>Calculation Carbon intensity is calculated as emissions per \$m of revenue (TCO₂e/\$m), calculated at constant exchange rates.</p> <p>Target To reduce our carbon intensity by 35% by 2030 with reference to 2018 as a base year, with a shorter-term target of 15% by 2024.</p> <p>2022 performance Our carbon emission intensity ratio was 42.2 (2021: 48.5).</p>	<p>Calculation Staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.</p> <p>Target Our aim is to keep employee turnover below historical levels to enable us to build on the skill base we have established and maintain and enhance the culture of the business.</p> <p>2022 performance Turnover levels have increased across the business. Voluntary employee turnover and the actions we are taking to reduce it are discussed on page 60. Our well-trained, knowledgeable staff remain targets for our competitors.</p>	<p>Calculation The RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.</p> <p>Target Continued reduction in accident rates.</p> <p>2022 performance The RIDDOR reportable rates were 0.17 in the US, 0.22 in the UK and 0.15 in Canada.</p> <p>More detail is included in our Responsible business report on page 56.</p>

PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING OUR RISK

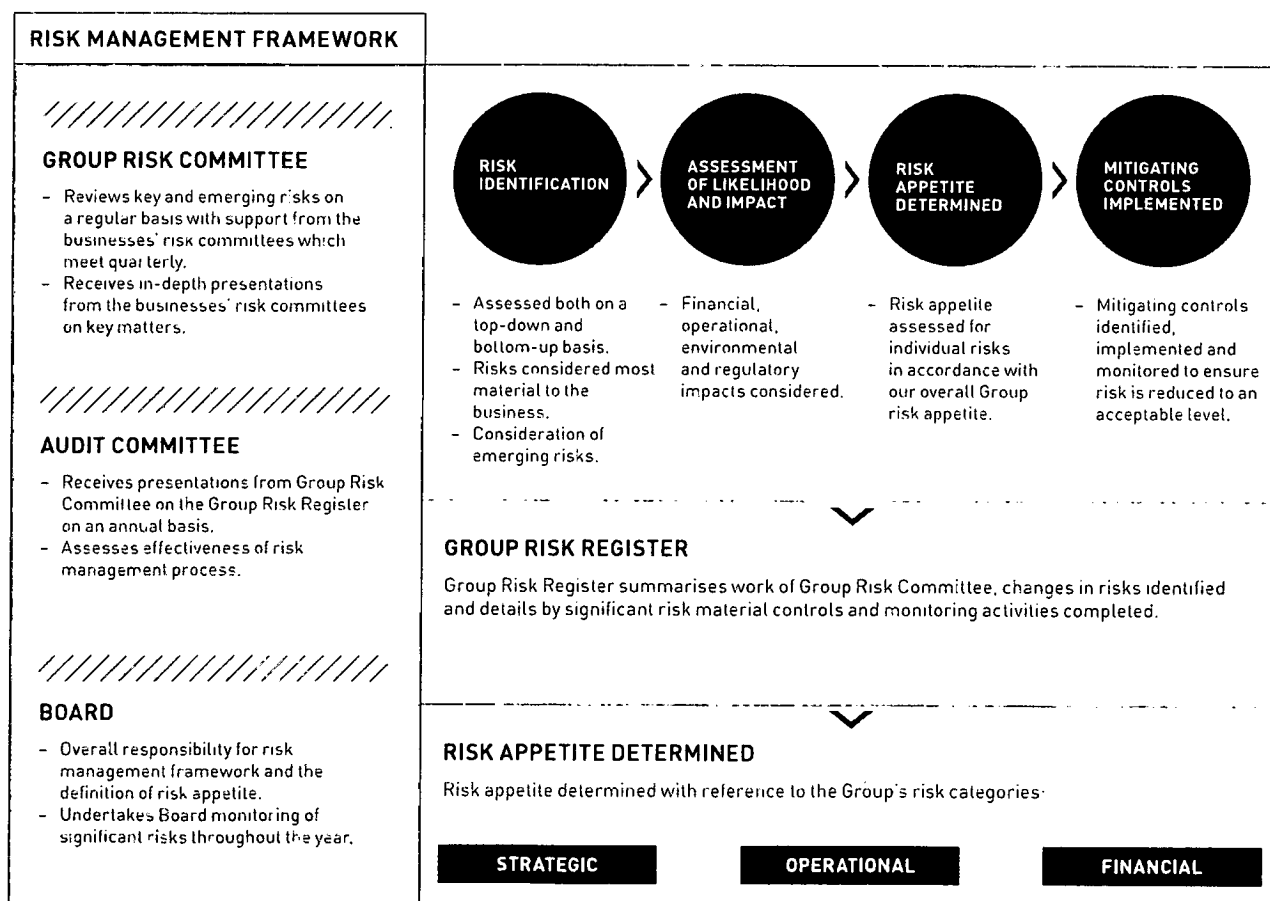
The Group recognises the importance of identifying and managing financial and non-financial risks faced by the business. In response to this, it has developed a rigorous risk management framework designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters. Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up business perspective. The Board has overall responsibility for risk management, setting of risk appetite and implementation of the risk management policy. This is designed to enable our employees to take advantage of attractive opportunities, yet to do so within the risk appetite set by the Board.

The Group Risk Register is the core of the Group's risk management process. It contains an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level and is maintained by the Group Risk Committee. The Group Risk Register is based on detailed risk registers maintained by Sunbelt in North America and the UK, which are reviewed and monitored through local risk committees. The operation and effectiveness of the local risk committees, which meet at least quarterly, continues to be enhanced.

The Group Risk Committee meets as required, but at least twice a year, with the objective of encouraging best risk management practice across the Group

and a culture of regulatory compliance and ethical behaviour. The Committee is chaired by Michael Pratt, our chief financial officer and also includes:

- in relation to North America:
 - the chief financial officer;
 - the head of central operations;
 - the head of administration and business development;
 - the chief technology officer;
 - the head of safety, health and environment; and
 - one of the operational executive vice presidents;
- in relation to the UK, the chief financial officer, who chairs the UK business risk committee;
- the Group's managing director of ESG; and
- Group and US counsel.



The Group Risk Committee reports annually through the Audit Committee to the Board and, as part of this process, produces an updated Group Risk Register. The Board assesses on a regular basis whether the appropriate risks have been identified, including any emerging risks which may impact the Group, and that adequate assurance is obtained over those risks.

In addition, consideration is given to ensure that risks have been appropriately assessed in relation to risk rating. Our risk appetite is reflected in our rating of risks and ensures the appropriate focus is placed on the correct risks. The Board takes a view of the prospects of the business through the cycle and, given the inherent cyclicity in the business, tends to operate with a low risk appetite.

The Group Risk Committee priorities this year included:

- assessment of the Group Risk Register, including identification and prioritisation of business risks;
- health and safety, together with continuous improvement through training and awareness;
- driver safety, training and compliance;
- focus on the continued development of our technology environment, including in relation to cyber security;
- assessment of the environmental and social impact of the Group;
- monitoring of compliance with laws and regulations; and
- performance standards audits.

Our priorities for next year focus on the principal areas of risk to the Group and are similar. In particular:

- continue our safety initiatives, focused on serious injury and fatality ('SIF') protocols and driver programmes;
- focus on the development of our technology environment in accordance with the Group's strategic plans, including a continued focus on cyber security; and
- focus on our ESG initiatives, delivering against our environmental and social priorities.

PRINCIPAL RISKS

Set out below are the principal business risks that could impact the Group's business model, future performance, solvency or liquidity and information on how we mitigate them. Our risk profile evolves as we move through the economic cycle and commentary on how risks have changed is included below. The Committee has considered whether climate-related matters represent a principal risk for the Group. The Group believes that climate-related matters are addressed principally through our environmental risk and commitment to reduce carbon intensity. On balance, the

Committee believes that climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model. In addition, we have removed 'financing' as a principal risk. The risk of financing relates to the potential failure to replace debt facilities prior to their maturity, resulting in the Group being unable to meet its debt obligation as they fall due. As an investment grade rated company, operating in the lower part of our target leverage range, we no longer believe this represents a principal risk.

KEY

Change in risk in 2021/22:

- ↑ Increased risk
- Constant risk
- ↓ Decreased risk

Link to strategic priority:

- 1 Grow General Tool and advance our clusters
- 2 Amplify Specialty
- 3 Advance technology
- 4 Lead with ESG
- 5 Dynamic capital allocation

Economic conditions

↑ 1 2 5

Potential impact

In the longer-term, there is a link between levels of economic activity and demand for our services. The most significant end market which affects our business is construction. The construction market is cyclical and typically lags the general economic cycle by between 12 and 24 months.

The economic uncertainties resulting from the impact of COVID-19 or other pandemics are considered as part of this risk.

Mitigation

- Prudent management through the different phases of the cycle.
- Flexibility in the business model.
- Capital structure and debt facilities arranged in recognition of the cyclical nature of our market and able to withstand market shocks.

Change

The North American and UK economies have rebounded from the adverse impact of the COVID-19 pandemic and our markets, particularly in North America, are strong. However, concerns over inflation and increasing interest rates has heightened the risk of an economic slowdown in 2023. Accordingly, we have increased the likelihood rating of an adverse economic event to 'high'.

Competition

→ 1 2 5

Potential impact

The already competitive market could become even more competitive and we could suffer increased competition from large national competitors or small companies or local companies resulting in reduced market share and lower revenue.

This could negatively affect rental rates and physical utilisation. Continuing industry consolidation could also have a similar effect.

Mitigation

- Create commercial advantage by providing the highest level of service, consistently and at a price which offers value.
- Differentiation of service.
- Enhance the barriers to entry to newcomers provided by our platform: industry-leading technology; experienced personnel and a broad network; and equipment fleet.
- Regularly estimate and monitor our market share and track the performance of our competitors.

Change

Our competitive position continues to improve. We have grown faster than our larger competitors and the market, and continue to take market share from our smaller, less well financed competitors. We have a 12% market share in the US, an 8% market share in Canada and a 10% market share in the UK.

Cyber security

→ 3

Potential impact

A cyber-attack or serious uncured failure in our systems could result in us being unable to deliver service to our customers and/or the loss of data. In particular, we are heavily dependent on technology for the smooth running of our business given the large number of both units of equipment we rent and our customers. As a result, we could suffer reputational loss, revenue loss and financial penalties.

This is the most significant factor in our business continuity planning.

Mitigation

- Stringent policies surrounding security, user access, change control and the ability to download and install software.
- Testing of cyber security including red team exercises, system penetration testing and internal phishing and other training exercises undertaken.
- Use of antivirus and malware software, firewalls, email scanning and internet monitoring as an integral part of our security plan.
- Use of firewalls and encryption to protect systems and any connections to third parties.
- Use of multi-factor authentication.
- Continued focus on development of IT strategy taking advantage of cloud technology available.
- Separate near-live back-up data centres which are designed to be able to provide the necessary services in the event of a failure at a primary site.

Change

Good progress has been made in enhancing the Group's cyber security profile, with a significant and ongoing investment in resource and tooling. Nevertheless, cyber security remains a continually evolving area and a priority for the Group.

In relation to business continuity, our plans have been subject to continued review and update during the year and our disaster recovery plans are tested regularly.

Health and safety

→ 4

Potential impact

A failure to comply with laws and regulations governing health and safety and ensure the highest standards of health and safety across the Group could result in accidents which may result in injury to or fatality of an individual, claims against the Group and/or damage to our reputation.

Mitigation

- Maintain appropriate health and safety policies and procedures regarding the need to comply with laws and regulations and to reasonably guard our employees against the risk of injury.
- Induction and training programmes reinforce health and safety policies.
- Programmes to support our customers exercising their responsibility to their own workforces when using our equipment.
- Maintain appropriate insurance coverage. Further details are provided on page 49.

Change

The health and safety of our team members continues to be a key focus area for the Group and an area of continuous improvement.

In terms of reportable incidents, the RIDDOR reportable rate was 0.17 (2021: 0.31) in the US, 0.15 (2021: 0.29) in Canada and 0.22 (2021: 0.27) in the UK. Further details are provided in our Responsible business report.

People and culture

Potential impact

Retaining and attracting good people is key to delivering superior performance and customer service, and maintaining and enhancing our culture.

Excessive staff turnover is likely to impact on our ability to maintain the appropriate quality of service to our customers and our culture and would ultimately impact our financial performance adversely.

At a leadership level, succession planning is required to ensure the Group can continue to inspire the right culture, leadership and behaviours and meet its strategic objectives.

Mitigation

- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain the employees we need.
- Ensure that our staff have the right working environment and equipment to enable them to do the best job possible and maximise their satisfaction at work.
- Invest in training and career development opportunities for our people to support them in their careers.
- Ensure succession plans are in place and reviewed regularly which meet the ongoing needs of the Group.

Change

Our compensation and incentive programmes have continued to evolve to reflect market conditions, the economic environment and the results of our employee engagement surveys.

Diversity, equity and inclusion programmes have been established across the business to enhance our efforts to attract and retain the best people.

We are increasing our focus on mental health including 'Let's Talk Mental Health' in the UK.

Environmental

Potential impact

The Group has made a long-term commitment to reduce its Scope 1 and 2 carbon intensity by 35% by 2030, from its level in 2018, with a near-term commitment to reduce its carbon intensity by 15% by 2024, and set out a roadmap to achieve this. Failure to do so could adversely impact the Group and its stakeholders.

A significant part of our rental fleet is reliant on diesel engines. Over time, 'greener' alternatives will become available as technology advances. If we do not remain at the forefront of technological advances, and invest in the latest equipment, our rental fleet could become obsolete.

In addition, we need to comply with the numerous laws governing environmental protection matters. These laws regulate such issues as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Breaches potentially create hazards to our employees, damage to our reputation and expose the Group to, amongst other things, the cost of investigating and remediating contamination and also fines and penalties for non-compliance.

Mitigation

- Policies and procedures in place at all our stores regarding the need to adhere to local laws and regulations.
- Procurement policies reflect the need for the latest available emissions management and fuel efficiency tools in our fleet.
- Collaboration with key suppliers to develop and pilot new technologies.
- Greener vehicle transition plan.
- Real estate and facility standards to reduce emissions from our operations.
- Monitoring and reporting of carbon emissions.

Change

The work of the Health, Safety and Environmental departments and Performance Standards teams continues to assess environmental compliance.

Our Scope 1 and 2 carbon emissions have been validated by the Carbon Trust and we are working with them to quantify our Scope 3 emissions. We continue to assess the appropriateness of science-based targets for a rapidly growing business.

In 2021/22 our carbon emission intensity ratio reduced to 42.2 (2021: 48.5). Further detail is provided on page 65.

Laws and regulations



<p>Potential impact Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> - Maintaining a legal function to oversee management of these risks and to achieve compliance with relevant legislation. - Group-wide modern slavery, business ethics and ethical sourcing policies, and whistle-blowing arrangements. - Evolving policies and practices to take account of changes in legal obligations. - Training and induction programmes ensure our staff receive appropriate training and briefing on the relevant policies. 	<p>Change</p> <p>We monitor regulatory and legislative changes to ensure our policies and practices reflect them and we comply with relevant legislation.</p> <p>Our whistle-blowing arrangements are well established and the company secretary reports matters arising to the Audit Committee and the Board during the course of the year. Further details as to the Group's whistle-blowing arrangements are provided on page 72.</p> <p>During the year 5,970 people in the US, 671 people in Canada and 845 people in the UK underwent induction training. In addition, training programmes were undertaken in safety and business ethics.</p>
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Emerging risks

<p>In addition to the principal risks identified above, the Board considers what emerging risks may also impact the Group. In identifying emerging risks, the Board has considered both third-party risk analysis as well as internal views of emerging trends which may impact the business. As a result of this analysis, the Board specifically considered climate-related matters and emerging technologies, including battery-led technologies and autonomous machines.</p>	<p>The Board believes climate-related matters are addressed principally through our environmental risk and our commitment to reduce our carbon intensity, but notes that this is a developing area and as such continues to monitor the ways in which climate change may affect the Group in the future. On balance, the Board believes that the impact from climate change and emerging technologies will increase the demand for rental and continue the shift from ownership to rental, rather than presenting a risk to our business model.</p>
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ASSESSMENT OF PROSPECTS AND VIABILITY

The prospects of the Group are inherently linked to the environment in which we operate. While our principal market is construction, which is cyclical in nature, it represents less than 50% of our business. The balance is non-construction related activity, including, inter alia, industrial, events, maintenance and repair, emergency response and facilities management which, by their nature, are typically less cyclical.

Our markets in the US and Canada are undergoing structural change. Customers are increasingly choosing to rent equipment rather than own it and the fragmented markets are consolidating. The Group is well positioned to take advantage of these structural changes. The UK market is more mature and competitive than the US and Canada but Sunbelt UK is the largest rental company in that market and, with the Group's strong financial position, is well positioned to optimise market conditions.

Period of assessment

The Board discusses regularly the factors affecting the Group's prospects and the risks it faces in optimising the opportunity presented in its markets. The principal risks, which the Board concluded could affect the business are set out on the preceding pages. The Group's risks are ongoing in nature and therefore could crystallise at any time, rather than being linked to a specific time frame. While the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, is the three-year period to 30 April 2025. This also aligns with the duration of the business plan prepared annually and reviewed by the Board. We believe this provides a reasonable degree of confidence over this longer-term outlook.

Assessment of viability

The Group prepares an annual budget and three-year business plan. This plan considers the Group's cash flows and is used to review its funding arrangements and available liquidity based on expected market conditions, capital expenditure plans, used equipment values and other factors that might affect liquidity. It also considers the ability of the Group to raise finance and deploy capital.

The nature of the Group's business is such that its cash flows are countercyclical. In times of improving markets, the Group invests in its rental fleet, both to replace existing fleet and grow the overall size of the fleet, which results in improving earnings but lower cash flow generation from operations in times of rapid growth. However, as the cycle matures and the rate of growth slows, the Group generates strong cash flow from operations. In more benign or declining markets, the Group invests less in its rental fleet and, as a result, generates significant cash flow from operations.

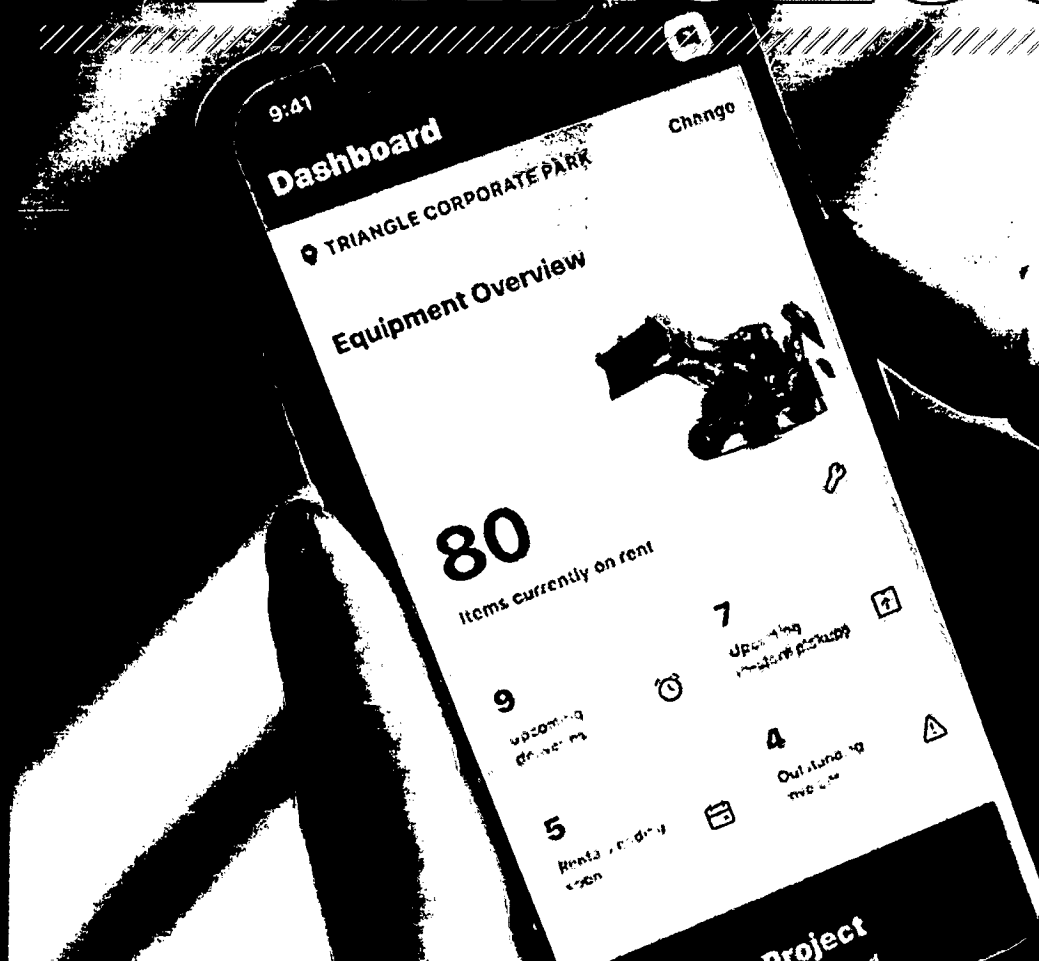
Recognising the impact of the economic cycle and the risk of an economic downturn on the business and its financing requirements, we undertake scenario planning based on the timing, severity and duration of any downturn and subsequent recovery. This scenario planning considers the impact of the cycle on revenue, margins, capital expenditure, cash flows, overall debt levels and leverage. The Group maintains a net debt to EBITDA leverage target range of 1.5 to 2.0 times (pre IFRS 16) and long debt maturities to mitigate financing risk.

Based on this analysis, and the Board's regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Group's ability to flex its capital expenditure plans and cost base, which would result in the Group not being able to meet its liabilities as they fall due. The nature of the business' other principal risks is such that, while they could affect the Group's ability to achieve its objectives, they are unlikely to prevent the Group from meeting its liabilities as they fall due.

Viability statement

Based on the foregoing, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 April 2025.

3. ADVANCE TECHNOLOGY



SUNBELT 3.0 IN ACTION

The Sunbelt app is a real game changer, providing what we believe to be the easiest rental experience in the market. It is the only mobile app that lets customers go directly from account creation, to renting, to managing their rentals, to customer service and paying invoices too. Both small DIY or larger credit account customers can create their account in five minutes or less with automated workflows, then be up and ready to go.

The app has an easy and intuitive search and reservation function with over 1,600 equipment categories. Text, email and push notifications facilitate complete ease of use, as do market-relevant modifications such as Canada-specific data fields for customers. We will be rolling out a whole host of app improvements in the coming year.

OUR STRATEGY

3

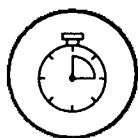
Make the move from industry-leading technology platform, to a leader among the broader industrial and service sector; further improving our customer value proposition and capturing the benefits of scale across the Group.

2022 HIGHLIGHTS

LAUNCHED THE NEW, IMPROVED SUNBELT RENTALS APP

LAUNCHED NEW ECOMMERCE SITE

LAUNCHED SUNBELT SMART SITE - ALLOWING CUSTOMERS TO CONNECT WITH EQUIPMENT



c.65%

of orders delivered
within 24 hours



1,600+

Over 1,600 equipment categories
available in the Sunbelt app

STAKEHOLDER ENGAGEMENT

Engaging actively with our stakeholders is critical to the success of the Group and the Group engages regularly with stakeholders on a variety of topics relevant to the business.

A high degree of delegation of the engagement with stakeholders to the management teams within the Group exists in order to ensure the smooth operation of the Group on a day-to-day basis. As noted within our Corporate governance report, the role of the Board is to provide a framework under which the Group operates but under which the Group's businesses have freedom and decision-making authority to pursue business opportunities, underpinned by the culture of the Group. The directors believe that this is an important factor in the operation of the Group and the Group's overall success.

Authority for the operational management of the Group's businesses is therefore delegated to the chief executive, or further delegated by him to the senior management teams within the Group. This ensures effective day-to-day operation of the Group while maintaining effective governance.

At a board level, Board members are encouraged to engage with our stakeholders directly, for example through meeting with individual employees during site visits or through investor meetings, such as those to obtain remuneration policy feedback or through attendance at the Group's annual general meeting. In addition, the Board receives feedback from management as to stakeholder views. This occurs in a number of ways including through board reports, investor feedback reports from our brokers and employee survey reports. An example of board-level engagement has been illustrated in the case study on page 43 focusing on the Board's engagement with our people.

In relation to the Group's overall engagement with stakeholders, the Group has identified the following groups as being fundamental to the success of the Group:

OUR PEOPLE

Definition

- Existing and prospective employees, including apprentices



Why relevant?

Our employees want to work for a company which values them, provides ongoing development, treats them fairly and remunerates them appropriately. Investing in our people ensures we maintain our culture by having the right people and enables us to deliver on our strategic goals.

Nature of engagement

- Employee engagement apps
- Regular 'toolbox talks' and 'town hall' meetings
- Employee surveys
- National conferences, leadership team meetings and other employee events
- Regular communication on safety, with dedicated safety weeks
- Training programmes
- Apprentice programmes
- Employee relief programme

Further details are provided on pages 56 to 63.

Our response to engagement

- Employee reward and benefit structure which recognises the contribution our employees make to the success of the business
- Employee policies which ensure our people are treated fairly
- Ensuring safety remains a cornerstone of our culture
- Continued focus on diversity, equity and inclusion across the Group, with DEI Task Forces in place in North America and the UK

Relevant KPIs

- Employee survey scores
- Safety metrics
- Employee retention metrics

OUR CUSTOMERS

Definition

- National and other managed accounts
- Small and mid-sized enterprises
- Individuals



Why relevant?

Our customers want to have confidence in the 'Availability, Reliability and Ease' of our offering as a reliable alternative to ownership.

Nature of engagement

- Account managers for major customers
- Customer feedback mechanism
- Store level staff with local customer relationships
- Customer centric technology to facilitate customer engagement
- Customer focused websites

Our response to engagement

- Continued investment in fleet, including greener rental options where we are working with customers and suppliers to develop new technologies
- Investment in new market offerings to broaden our rental offering
- Continued investment in customer focused technology solutions, including launch of new customer eCommerce websites and apps

Relevant KPIs

- Customer satisfaction scores
- Level of repeat business
- Customer spend
- Debtor days/days to credit

OUR SUPPLIERS**Definition**

- Major equipment suppliers
- Other equipment suppliers
- Service providers

**Why relevant?**

Partnering with our suppliers in a collaborative manner ensures that we have access to equipment when we need it and enables us to deliver new innovation to the market.

Nature of engagement

- Dedicated account managers for major suppliers
- Central procurement teams manage supplier relationships
- Collaboration to develop and pilot new technologies, including making targeted investments where appropriate to support the development of greener technology

Our response to engagement

- Regular meetings with key suppliers to assist in management of production cycles
- Policies in place in relation to working with our suppliers fairly
- Clear procurement terms agreed

Relevant KPIs

- Payment practices statistics

OUR COMMUNITIES**Definition**

- Local communities to our operations
- Families of employees

**Why relevant?**

We want to make a positive contribution to the communities in which we operate. Establishing the right relationships with our communities also helps us to attract the best talent into our business. Supporting the families of our staff is just the right thing to do.

Nature of engagement

- Nationwide programmes in addition to local community initiatives entered into by individual depots
- Responding to community needs for emergency relief
- Charity partnerships which support our communities

Further details are provided on pages 68 to 71.

Our response to engagement

- Community building activities
- Disaster response when required
- Financial support at time of crisis
- Provision of rental equipment

Relevant KPIs

- Charitable donations
- Employee time contributed to community initiatives

OUR INVESTORS**Definition**

- Shareholders (institutional)
- Shareholders (private)
- Financial lending institutions

**Why relevant?**

Our investors want to understand how we are managing the business to generate sustainable returns through the cycle and to promote the long-term success of the Group.

Nature of engagement

- Investor conferences
- One-to-one meetings
- Site visits
- Annual Report and other communications
- Results presentations and bond holder calls
- Reporting to financial lending institutions
- Annual General Meeting
- Ashtead Group website including investor relations section

Our response to engagement

- Communication of business model and strategic plan
- Application of stated capital allocation priorities
- Maintain compliance with stated financial objectives (e.g. leverage range, etc.)
- Manage business through the cycle

Relevant KPIs

- Returns to shareholders

BOARD LEVEL ENGAGEMENT**Stakeholders most impacted:**

Employees, customers, suppliers, investors

Consideration:

In April 2022, the Board attended the senior leadership meeting in Dallas where c. 400 of the leaders across the Group gathered, comprising both field-based leadership and also central support leaders. While participants comprised mainly team members from North America, the UK business was also represented.

During the meeting, participants were provided an update on the Group's strategic initiatives, including those related to diversity, equity and inclusion, health and safety, employee training programmes, environmental initiatives, technology and our fleet strategy.

Board members had the opportunity to interact with a range of staff across the business in both operational and support roles, including visiting a number of stores in the Dallas / Fort Worth market. They were also able to see examples of the type of 'greener equipment' investments that the Group is making through our partnership with customers and suppliers, including the Bobcat electric skid steer, a JCB electric telehandler and a Class 8 electric tractor. They were able to receive first-hand feedback from employees across the business of how the Group's strategic initiatives are being implemented on a day-to-day basis and ongoing areas of focus.



Board members had the opportunity to interact with a range of staff across the business in both operational and support roles.

SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duty in accordance with s172(1) of the Companies Act 2006.

The Board of directors of Ashtead Group plc considers that it has, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Company for the benefit of the members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions taken during the year ended 30 April 2022. In making this statement, the directors have considered the following matters:

- **the likely consequences of any decision in the long-term:** the Board monitored progress against the Group's strategy, Sunbelt 3.0, as disclosed on pages 22 to 29, during the year and concluded that it will support the long-term success of the Company. Shorter-term expectations in supporting that strategy are approved by the Board as part of the annual budgeting process, against which the performance of the Group is then monitored. Decisions taken during the year are made in the context of the Group's strategy in order to ensure that they are consistent with that strategy, take account of the Group's principal risks as described on pages 34 to 39 and are in line with the Group's capital allocation policy, which is designed to support long-term value generation for all stakeholders as detailed on page 29 and is reflected in the Board's assessment of viability as described on page 39;
- **the interests of the Company's employees:** our people are critical to the success of our business and a core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us for the long-term. The Board has ultimate responsibility for ensuring the Group's decisions consider the interests of our employees. Further details and examples of our activities with employees are provided on page 42 of the Strategic report and pages 56 to 63 of the Responsible business report;
- **the need to foster the Company's business relationships with suppliers, customers and others:** managing the Company's relationships with suppliers and customers is critical in ensuring the Company delivers on its strategy. We dedicate account teams to our national customers to ensure that we maintain an ongoing dialogue while local customers are managed at a store level to enable us to respond at all levels of the organisation appropriately. The Board receives regular updates on our relationships with suppliers and customers, and has ultimate responsibility for approving investments made. Further details and examples of our activities with customers and suppliers are provided on pages 42 and 43 of the Strategic report;
- **the impact of the Company's operations on the community and the environment:** the Group seeks to have a positive impact on the communities in which it operates and minimise the environmental impact of our operations. Examples of our community initiatives and the environmental steps we take are provided in further detail on pages 64 to 71 of the Responsible business report and pages 73 to 75 of the Task Force on Climate-related Financial Disclosures;
- **the desirability of the Company maintaining a reputation for high standards of business conduct:** the Group regularly reviews and updates, where appropriate, its business conduct and ethics policies and ensures that these are communicated to employees, are readily available to employees, customers and suppliers and that appropriate training is undertaken by relevant employees on a regular basis to reinforce the Group's policies. The Group business ethics and conduct policy is formally reviewed and approved by the Board on an annual basis and available on the Group's website, while employee specific policies are provided in the employee handbooks. Further details are provided on page 72 of the Responsible business report and on page 84 of the Corporate governance report; and
- **the need to act fairly as between members of the Company:** the Company always seeks to ensure that its communications are transparent and its actions are in accordance with the Group's stated strategic aims to promote the long-term success of the Company. On page 85 within the Corporate governance report we detail how we engage with our shareholders, including both institutional investors and private investors.

FINANCIAL REVIEW

	Revenue		EBITDA		Profit ¹	
	2022	2021	2022	2021	2022	2021
UK in £m	725.7	635.1	214.6	192.8	86.8	60.9
Canada in C\$m	626.0	500.9	281.4	218.9	143.6	97.8
US	6,477.0	5,417.5	3,120.6	2,634.5	1,852.3	1,444.6
UK in \$m	986.3	838.1	291.7	254.4	118.0	80.4
Canada in \$m	499.0	383.0	224.3	167.4	114.4	74.8
Group central costs	-	-	(27.2)	(19.5)	(28.3)	(20.6)
	7,962.3	6,638.6	3,609.4	3,036.8	2,056.4	1,579.2
Net financing costs before exceptional items					(232.6)	(262.9)
Profit before amortisation, exceptional items and taxation					1,823.8	1,316.3
Amortisation					(108.6)	(81.2)
Exceptional items					(47.1)	-
Profit before taxation					1,668.1	1,235.1
Taxation					(417.0)	(315.0)
Profit attributable to equity holders of the Company					1,251.1	920.1
Margins						
US			48.2%	48.6%	28.6%	26.7%
UK			29.6%	30.4%	12.0%	9.6%
Canada			45.0%	43.7%	22.9%	19.5%
Group			45.3%	45.7%	25.8%	23.8%

Notes
¹ Segment result presented is operating profit before amortisation.
 Throughout the Financial review, we use a number of alternative financial performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. Further details are provided in the Glossary of Terms on page 169.

CHANGE IN PRESENTATIONAL CURRENCY

Effective from 1 May 2021, the Group changed its presentational currency from sterling to US dollars to allow for greater transparency in the Group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures, given that c. 80% of the Group's revenue and c. 90% of the Group's operating profit originate in US dollars. Further details are provided in Note 2 to the financial statements.

OUR FINANCIAL PERFORMANCE

Group revenue increased 20% (19% at constant currency) to \$7,962m during the year (2021: \$6,639m). This revenue growth, combined with strong operational execution, resulted in adjusted profit before tax increasing 39% to \$1,824m (2021: \$1,316m).

In the US, rental only revenue of \$4,782m (2021: \$3,976m) was 20% higher than the prior year (and 18% higher than 2020), representing continued market outperformance and demonstrating the benefits of our strategy of growing our Specialty businesses and broadening our end markets. Organic growth (same-store and greenfields) was around 16%, while bolt-ons contributed approximately 4% of rental only revenue growth. In the year,

our General Tool business grew 17%, while our Specialty businesses grew 28% following growth of 13% in 2020/21. While rental revenue growth has been driven by volume, with a larger fleet and improved utilisation, it has benefitted from improved rates in what is a better rate environment than we have seen for a number of years. Our year-over-year rate of growth increased as we progressed through the year. US total revenue, including new and used equipment, merchandise and consumable sales, increased 20% to \$6,477m (2021: \$5,418m).

The UK business generated rental only revenue of £403m, up 11% on the prior year (2021: £362m). While our performance continued to benefit from our essential support to the Department of Health in its COVID-19 response efforts, our core business is performing strongly and is benefitting from the operational improvements in the business which are ongoing. Total revenue increased 14% to £726m (2021: £635m) reflecting the higher level of ancillary and sales revenue associated with the work for the Department of Health, which accounted for c. 30% of UK revenue in the 12 months. Following the UK Government's announcement that free mass COVID-19 testing would stop from April 2022, we are demobilising the test sites rapidly and expect a relatively low revenue contribution in 2022/23.

Canada's rental only revenue increased 26% to C\$456m (2021: C\$363m). While this rate of growth reflects the depressed comparatives last year, it is driven by the strong performance of the original Canadian business and our lighting, grip and lens business since lockdowns eased. That said, the lighting, grip and lens business was affected again by COVID-induced production restrictions in the second half. Canada's total revenue was C\$626m (2021: C\$501m).

FINANCIAL REVIEW CONTINUED

Last year, we took action to reduce operating costs and eliminate discretionary expenditure in all our markets. While we continue to maintain a focus on the cost base, a number of these costs have returned to the business, reflecting the increased activity levels. In addition, we continue to invest in the infrastructure of the business to enable us to take advantage of the market and structural opportunities, particularly in our technology platform. In common with many businesses, we face inflationary pressures across all cost lines, but particularly in relation to labour, transportation and fuel. However, our strong performance on rate, combined with our scale, has enabled us to navigate this inflationary environment and deliver US rental revenue drop through to EBITDA in line with our expectations for the first year of Sunbelt 3.0 at 39%. This contributed to a reported EBITDA margin of 48% (2021: 49%) and a 28% increase in segment profit to \$1,852m (2021: \$1,445m) at a margin of 29% (2021: 27%).

Support for the Department of Health has been a benefit to the UK business but also presented it with logistical and operational challenges. It remains focused on delivering operational efficiency and improving returns in the business and will seek to redeploy the assets dedicated to the testing centres elsewhere in the business. The UK generated an EBITDA margin of 30% (2021: 30%) and a segment profit of £87m (2021: £61m) at a margin of 12% (2021: 10%).

The development of our Canadian business continues as it invests to expand its network and broaden its markets. Growth has been achieved across the business while delivering a 45% EBITDA margin (2021: 44%) and generating a segment profit of C\$144m (2021: C\$98m) at a margin of 23% (2021: 20%).

Overall, Group adjusted operating profit increased to \$2,056m (2021: \$1,579m), up 30% at constant exchange rates. After net financing costs before exceptional items of \$233m (2021: \$263m), Group profit before exceptional items, amortisation of intangibles and taxation was \$1,824m (2021: \$1,316m).

Statutory profit before tax was \$1,668m (2021: \$1,235m). This is after amortisation of \$109m (2021: \$81m) and, in the current year, exceptional interest costs of \$47m.

TAXATION

Tax charge for the year

The adjusted tax charge for the year was \$456m (2021: \$335m), representing an effective rate of 25% (2021: 25%) of adjusted pre-tax profit of \$1,824m (2021: \$1,316m). The cash tax charge was 15%.

The exceptional tax credit of \$39m (2021: \$20m) relates to a tax credit in relation to the amortisation of intangibles and exceptional items.

Tax strategy and governance

The Group believes it has a corporate responsibility to act with integrity in all tax matters. It is the Group's policy to comply with all relevant tax laws, regulations and obligations including claiming available tax incentives and reliefs in the countries in which it operates. The Group's appetite for tax risk is considered to be cautious and this policy has remained unchanged for a number of years. This approach to taxation is reviewed and approved by the Board on a periodic basis.

Whilst the Board retains ultimate responsibility for the tax affairs of the Group, we have a dedicated internal tax function which takes day-to-day responsibility for the Group's tax affairs. In addition, we seek regular professional advice to ensure that we remain in compliance with changes in tax legislation, disclosure requirements and best practice.

Tax risks are monitored on an ongoing basis and tax matters are reported to the Audit Committee as part of our routine reporting on a quarterly basis.

The Group is committed to having a transparent and constructive working relationship with all tax authorities, including seeking to obtain agreement from tax authorities prior to undertaking material transactions where there is a degree of uncertainty surrounding the appropriate tax treatment.

Legislative changes

We continue to monitor developments in the OECD's work on Base Erosion and Profit Shifting ('BEPS') to ensure continued compliance in an ever-changing environment. In December 2021, the OECD published a framework for the proposed Pillar Two model rules which would introduce a global minimum corporation tax rate of 15% for groups with global revenues of over €750m. We do not expect that the 15% global minimum tax rate would materially affect the amount of tax

the Group pays, as corporation tax rates in the jurisdictions in which the Group operates exceed 15%. We continue to follow the guidance issued and other developments closely.

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. In common with other UK taxpayers, the Group's appeal has been stayed while the appeals put forward by the UK Government and ITV plc proceed.

On 8 June 2022 the General Court of the European Union dismissed the appeals put forward by the UK Government and ITV plc. However, there remains a high degree of uncertainty in the final outcome given it is likely that both the UK Government and ITV plc will appeal the decision. Accordingly, the Group does not consider that the decision affects its position but will continue to monitor proceedings closely.

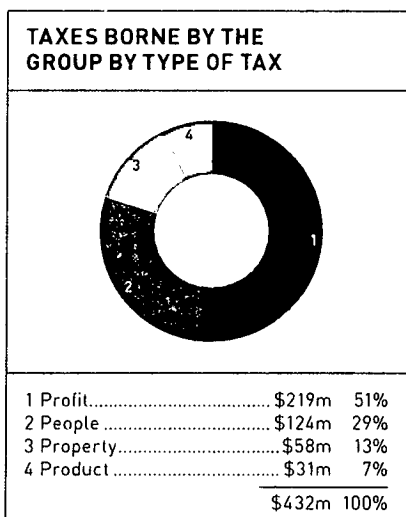
Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') was required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, in line with HMRC requirements. The £36m paid has been recognised as a non-current asset on the balance sheet. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. If either the decision reached by the General Court of the European Union or the charging notice issued by HMRC are not ultimately successfully appealed, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2022 (\$45m at April 2022 exchange rates), including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

Total tax contribution

For the year ended 30 April 2022, total taxes paid by the Group were \$1,205m, comprising taxes borne by the Group of \$432m and taxes collected on behalf of tax authorities of \$773m.

Taxes borne by type

As a profitable group, the majority of taxes borne by the Group relate to taxes paid on profits. The \$219m net tax paid on profits (as shown in the consolidated cash flow statement for the year ended 30 April 2022) is lower than the \$250m current tax charge for the year (as shown in Note 7 to the consolidated financial statements). This is primarily due to overpayments made in relation to prior years being offset against the current year liability and part of the estimated current year liability expected to be paid in the next financial year.

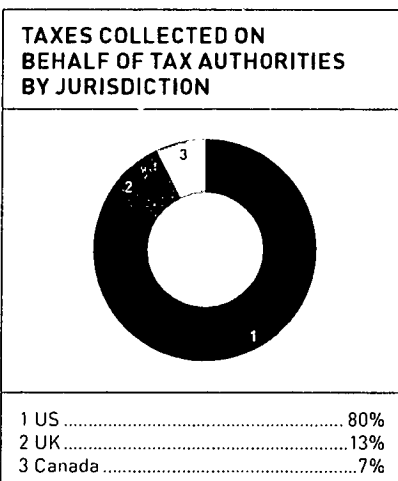
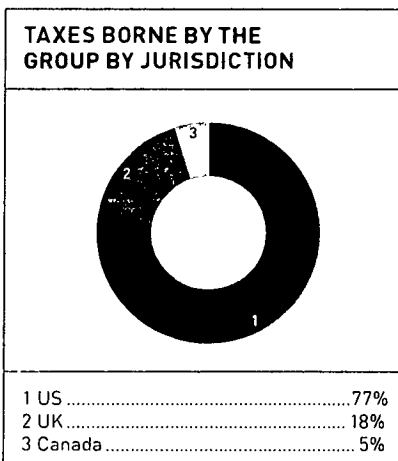


Given the Group's large number of employees, significant employer social security contribution payments were made during the year. The Group also paid property taxes and business rates in relation to the extensive network of stores from which we operate. Product taxes include use tax on certain purchases made in the US and fuel and excise duties associated with the Group's fleet of vehicles.

Taxes collected of \$773m comprise \$416m of net sales taxes on the products and services we provide to customers and \$357m in relation to taxes and social security contributions withheld on behalf of our employees.

Taxes by jurisdiction

The Group's operations are based in the locations and jurisdictions necessary to best serve our customers and the Group pays tax in accordance with relevant tax laws and regulations in those jurisdictions. As with the split of the Group's revenue, the majority of taxes borne and collected have been paid in the US.



EARNINGS PER SHARE

Adjusted earnings per share were 307.1¢ (2021: 219.1¢) while basic earnings per share were 280.9¢ (2021: 205.4¢). Details of these calculations are included in Note 8 to the financial statements.

RETURN ON INVESTMENT

Return on investment (excluding goodwill and intangible assets) returned to pre-pandemic levels following the depressed levels of COVID-affected 2020/21. In the US, return on investment for the 12 months to 30 April 2022 was 25% (2021: 20%). In the UK, reflecting the benefits of increased volumes supporting the Department of Health and operational improvements, return on investment (excluding goodwill and intangible assets) was 14% (2021: 10%). In Canada, return on investment (excluding goodwill and intangible assets) was 20% (2021: 16%). This reflects improved performance across the business and an increasing contribution from our lighting, grip and lens business. For the Group as a whole, return on investment (including goodwill and intangible assets) was 18% (2021: 15%). Return on investment excludes the impact of IFRS 16.

01 TAXES BORNE BY THE GROUP BY JURISDICTION

\$m	Revenue	Tax collected		Tax borne	
US	81%	619	80%	331	77%
UK	13%	103	13%	77	18%
Canada	6%	51	7%	23	5%
	100%	773	100%	432	100%

FINANCIAL REVIEW CONTINUED

BALANCE SHEET

Property, plant and equipment

Capital expenditure in the year totalled \$2,397m (2021: \$947m) with \$1,999m invested in the rental fleet (2021: \$809m). Expenditure on rental equipment was 83% of total capital expenditure with the balance relating to the delivery vehicle fleet, property improvements and IT equipment. Capital expenditure by division is shown in Table 02 below.

In a strong US rental market, \$876m of rental equipment capital expenditure was spent on growth while \$748m was invested in replacement of existing fleet. The growth proportion is estimated on the basis of the assumption that replacement capital expenditure in any period is equal to the original cost of equipment sold.

The average age of the Group's serialised rental equipment, which constitutes the substantial majority of our fleet, at 30 April 2022 was 40 months (2021: 41 months) on a net book value basis. The US fleet had an average age of 41 months (2021: 41 months), the UK fleet had an average age of 37 months (2021: 39 months) and the Canadian fleet had an average age of 36 months (2021: 38 months).

Our operating model, and short delivery lead times, allow us to flex our capital spend quickly. This was seen with our response to the COVID-19 pandemic when we reduced our planned spend for 2020/21 significantly, in only a few weeks. As the Group returns to growth, and in line with Sunbelt 3.0, we have a range for 2022/23 capital expenditure of \$3.3bn to \$3.6bn.

The original cost of the Group's rental fleet, rental revenue and dollar utilisation for the year ended 30 April 2022 are shown below.

Dollar utilisation was 57% in the US (2021: 50%), 58% for the UK (2021: 54%) and 55% for Canada (2021: 47%). The improvement in US dollar utilisation reflects better fleet utilisation following the COVID-19 pandemic and an improved rate environment. In the UK, the increase in dollar utilisation reflects the significant increase in activity levels and associated ancillary services to support the Department of Health, while in Canada, dollar utilisation has benefitted from improved fleet utilisation and a good rate environment.

Trade receivables

Receivable days at 30 April 2022 were 47 days (2021: 42 days). The bad debt charge for the last 12 months ended 30 April 2022 as a percentage of total turnover was 0.4% (2021: credit to the income statement of 0.2% of total turnover). The credit in 2020/21 reflected the release of the additional provisions established at the onset of the COVID-19 pandemic, which was not required. Trade receivables at 30 April 2022 of \$1,174m (2021: \$928m) are stated net of allowances for bad debts and credit notes of \$86m (2021: \$74m), with the provision representing 7% (2021: 7%) of gross receivables.

Trade and other payables

Group payable days were 43 days at 30 April 2022 (2021: 40 days) with capital expenditure related payables totalling \$363m (2021: \$135m). Payment periods for purchases other than rental equipment vary between seven and 60 days and for rental equipment between 30 and 120 days.

02 CAPITAL EXPENDITURE

	2022			2021
	Replacement	Growth	Total	Total
UK in £m	84.1	74.0	158.1	131.5
Canada in C\$m	42.7	157.8	200.5	78.6
US	748.2	876.4	1,624.6	575.6
UK in \$m	114.3	100.5	214.8	173.5
Canada in \$m	34.0	125.8	159.8	60.1
Total rental equipment	896.5	1,102.7	1,999.2	809.2
Delivery vehicles, property improvements and IT equipment			398.1	138.2
Total additions			2,397.3	947.4

03 FLEET AND UTILISATION

	Rental fleet at original cost			LTM rental revenue	LTM dollar utilisation
	30 April 2022	30 April 2021	LTM average		
UK in £m	988	914	945	544	58%
Canada in C\$m	1,116	938	1,034	569	55%
US	11,425	9,827	10,586	6,042	57%
UK in \$m	1,241	1,266	1,284	739	58%
Canada in \$m	873	762	824	454	55%
	13,539	11,855	12,694	7,235	

Provisions

Provisions of \$137m (2021: \$115m) relate predominantly to the provision for insured risk and acquisition-related contingent consideration. The Group's business exposes it to the risk of claims for personal injury, death or property damage resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels it believes are sufficient to cover existing and future claims.

Our US liability insurance programmes provide that we can recover our liability related to each and every valid claim in excess of an agreed excess amount of \$1.5m in relation to general liability, workers' compensation and motor vehicle claims. In the UK our self-insured excess per claim is much lower than in the US and is typically £50,000 per claim. Our liability insurance coverage is limited to a maximum of £175m.

Pensions

The Group operates a number of pension plans for the benefit of employees, for which the overall charge included in the financial statements was \$34m (2021: \$29m). Amongst these, the Group has one defined benefit pension plan which was

closed to new members in 2001 and closed to future benefit accrual in October 2020. All our ongoing pension plans are defined contribution plans.

The Group's defined benefit pension plan, measured in accordance with the accounting standard IAS 19, Employee Benefits, was \$19m in surplus at 30 April 2022 (2021: \$6m). The investment return on plan assets was \$5m lower than the expected return while a net actuarial gain of \$17m arose, predominantly due to the increase in the discount rate assumption. Overall, there was a net remeasurement of the defined benefit pension plan of \$11m which was recognised in the statement of comprehensive income for the year.

The next triennial review of the plan's funding position by the trustees and the actuary is due as at 30 April 2022. The April 2019 valuation, which was completed during the prior year, showed a surplus of £1.5m (\$1.9m at April 2022 exchange rate).

Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a material impact on the Group's financial position. As discussed earlier, if the findings of the European Commission's investigations into the

Group Financing Exemption in the UK controlled foreign company legislation are upheld, we have estimated the Group's potential liability to be £36m (\$45m at April 2022 exchange rate). Based on the current status of the investigation, we have concluded that no provision is required in relation to this amount.

CASH FLOW

Cash inflow from operations before the net investment in the rental fleet was \$3,406m (2021: \$3,017m). The conversion ratio for the year was 94% (2021: 99%), reflecting a more normalised level in a year of strong growth.

Total payments for capital expenditure (rental equipment and other PPE) during the year were \$2,164m (2021: \$955m). Disposal proceeds received totalled \$369m (2021: \$403m), giving net payments for capital expenditure of \$1,795m in the period (2021: \$552m). Financing costs paid totalled \$231m (2021: \$255m) while tax payments were \$219m (2021: \$388m). Financing costs paid typically differ from the charge in the income statement due to the timing of interest payments in the year and non-cash interest charges. The exceptional costs relate to the premium on redemption of the senior notes that were due in 2025 and 2026.

04 CASH FLOW

	Year to 30 April	
	2022 \$m	2021 \$m
EBITDA	3,609.4	3,036.8
Cash inflow from operations before changes in rental equipment	3,406.5	3,017.0
Cash conversion ratio*	94.4%	99.3%
Replacement rental capital expenditure	(829.7)	(754.1)
Payments for non-rental capital expenditure	(398.4)	(138.3)
Rental equipment disposal proceeds	343.8	384.7
Other property, plant and equipment disposal proceeds	24.8	18.3
Tax (net)	(218.8)	(387.6)
Net financing costs before exceptional items	(231.1)	(254.9)
Cash inflow before growth capex and payment of exceptional costs	2,097.1	1,885.1
Growth rental capital expenditure	(935.7)	(62.9)
Exceptional costs	(36.0)	-
Free cash flow	1,125.4	1,822.2
Business acquisitions	(1,277.4)	(195.1)
Financial asset investments	(40.0)	-
Total cash (absorbed)/generated	(192.0)	1,627.1
Dividends	(269.3)	(235.5)
Purchase of own shares by the Company	(409.6)	-
Purchase of own shares by the ESOT	(23.8)	(15.5)
(Increase)/decrease in net debt due to cash flow	(894.7)	1,376.1

* Cash inflow from operations before changes in rental equipment as a percentage of EBITDA.

FINANCIAL REVIEW CONTINUED

Accordingly, the Group generated free cash flow of \$1,125m (2021: \$1,822m) and, after acquisition and investment related expenditure of \$1,317m (2021: \$195m), a net cash outflow of \$192m (2021: inflow of \$1,627m), before returns to shareholders. Acquisition expenditure related to 25 bolt-on acquisitions completed during the year as we continue to both expand our footprint and diversify our end markets. Further details are provided in Note 27 to the financial statements.

CAPITAL STRUCTURE AND ALLOCATION

The Group's capital structure is kept under regular review. Our operations are financed by a combination of debt and equity. We seek to minimise the cost of capital while recognising the constraints of the debt and equity markets. At 30 April 2022 our average cost of capital was approximately 10%.

The Group remains disciplined in its approach to allocation of capital with the overriding objective being to enhance shareholder value. Our capital allocation framework remains unchanged and prioritises:

- organic fleet growth;
- same-stores;
- greenfields;
- bolt-on acquisitions; and
- a progressive dividend with consideration to both profitability and cash generation that is sustainable through the cycle.

Additionally, we consider further returns to shareholders. In this regard, we assess continuously our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage. Therefore the amount allocated to buybacks is simply driven by that which is available after organic growth, bolt-on M&A and dividends, whilst allowing us to operate within our 1.5 to 2.0 times target range for net debt to EBITDA pre IFRS 16.

We launched a buyback programme in May 2021 under which the Group anticipates buying back up to £1bn in shares over a two-year period. We commenced the programme at a run rate of £75m a quarter and allocated \$414m (£305m) to share buybacks in the year.

Dividends

The Company has a progressive dividend policy, which considers both profitability and cash generation, and results in a dividend that is sustainable across the cycle. Our intention has always been to

increase the dividend as profits increase and be able to maintain it when profits decline. In accordance with this policy, the Board is recommending a final dividend of 67.5¢ per share (2021: 48.24¢) making 80.0¢ for the year (2021: 58.0¢), an increase of 38%. If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 9 September 2022 to shareholders on the register on 12 August 2022.

In determining the level of dividend in any year, the Board considers a number of factors that influence the proposed dividend as detailed above. Ashtead Group plc, the parent company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies which are planned on a regular basis to maintain a suitable level of distributable reserves at the parent company.

Net debt

Chart 05 shows how debt and leverage, measured at constant April 2022 exchange rates, has changed over the cycle. Since 2010, we have stepped up our capital expenditure as rental markets improved. As a result, net debt has increased in absolute terms over the period principally due to acquisitions, dividends and share buybacks with free cash flow being broadly sufficient to fund substantially all the increased capital expenditure. Since 2013 we have been operating within our net debt to EBITDA leverage target range of 1.5 to 2.0 times (excluding IFRS 16). Furthermore, our overall balance sheet strength continues to improve with the second-hand value of our fleet exceeding our total debt by \$2.7bn.

In greater detail, closing net debt at 30 April 2022 is set out in Table 06 on page 51.

Net debt at 30 April 2022 was \$7,160m with the increase since 30 April 2021 reflecting principally the net cash outflow set out above. The Group's EBITDA for the year ended 30 April 2022 was \$3,609m. Excluding the impact of IFRS 16, the ratio of net debt to EBITDA was 1.5 times (2021: 1.4 times) on a constant currency and a reported basis as at 30 April 2022. Including the impact of IFRS 16, the ratio of net debt to EBITDA was 2.0 times at 30 April 2022 (2021: 1.9 times).

Our debt package is well structured for our business across the economic cycle. We retain substantial headroom on facilities which are committed for the long-term, with an average of six years remaining at 30 April 2022. The weighted average interest cost of these facilities (including non-cash amortisation of deferred debt raising costs) is 3%.

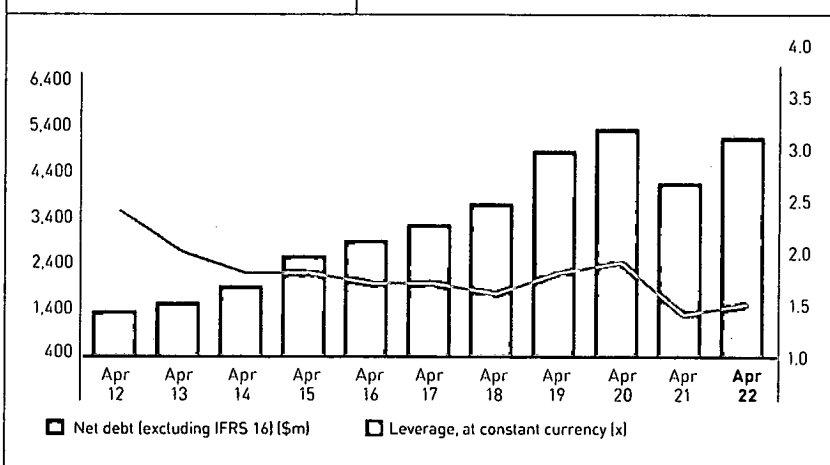
Debt facilities

The Group's principal debt facilities are discussed below.

First priority senior secured credit facility

At 30 April 2022, \$4.5bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2026. The amount utilised was \$2,188m (including letters of credit totalling \$57m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the \$4.5bn revolving credit facility is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest

05 NET DEBT AND LEVERAGE



rate is based on LIBOR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2022, the borrowing rate was the applicable interest rate plus 125bp.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds \$450m. At 30 April 2022 availability under the bank facility was \$2,537m (\$3,011m at 30 April 2021), with an additional \$3,029m of suppressed availability meaning that the covenant was not measured at 30 April 2022 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2022 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had five series of senior notes outstanding. The \$550m 1.500% notes are due on 12 August 2026, the \$600m 4.375% notes are due on 15 August 2027, the \$600m 4.000% notes are due on 1 May 2028, the \$600m 4.250% notes are due on 1 November 2029 and the \$750m 2.450% notes are due on 12 August 2031.

Under the terms of the notes, financial performance covenants under the senior notes are only measured at the time new debt is raised.

Minimum contracted debt commitments

Table 07 below summarises the maturity of the Group's borrowings at 30 April 2022 by year of expiry.

Except for the Group's lease commitments, details of which are provided in Note 18 to the financial statements, \$57m of standby letters

of credit issued at 30 April 2022 under the first priority senior debt facility relating to the Group's insurance programmes and \$7m of performance bonds granted by Sunbelt, we have no material commitments that we could be obligated to pay in the future which are not included in the Group's consolidated balance sheet.

CURRENT TRADING AND OUTLOOK

Our business has demonstrated its ability over the last two years to perform in both good times and more challenging ones. The new financial year has started well and the business has clear momentum. We are well positioned to navigate the challenges and capitalise on the opportunities arising from the market circumstances we face, including supply chain constraints, inflation, labour scarcity and economic uncertainty, all factors which we believe to be drivers of ongoing structural change. The Board looks to the future with confidence.

06 NET DEBT

	2022 \$m	2021 \$m
First priority senior secured bank debt	2,108.1	1,225.2
4.125% senior notes, due 2025	-	594.9
5.250% senior notes, due 2026	-	593.4
1.500% senior notes, due 2026	545.8	-
4.375% senior notes, due 2027	594.8	593.9
4.000% senior notes, due 2028	594.3	593.4
4.250% senior notes, due 2029	593.9	593.2
2.450% senior notes, due 2031	743.2	-
Total external borrowings	5,180.1	4,194.0
Lease liabilities	1,995.2	1,633.3
	7,175.3	5,827.3
Cash and cash equivalents	(15.3)	(26.6)
Total net debt	7,160.0	5,800.7

07 MINIMUM CONTRACTED DEBT COMMITMENTS

	2023 \$m	2024 \$m	2025 \$m	2026 \$m	2027 \$m	Thereafter \$m	Total \$m
Bank and other debt	-	-	-	-	2,108.1	-	2,108.1
1.500% senior notes	-	-	-	-	548.8	-	548.8
4.375% senior notes	-	-	-	-	-	600.0	600.0
4.000% senior notes	-	-	-	-	-	600.0	600.0
4.250% senior notes	-	-	-	-	-	600.0	600.0
2.450% senior notes	-	-	-	-	-	748.2	748.2
	-	-	-	-	2,656.9	2,548.2	5,205.1
Deferred costs of raising finance	-	-	-	-	(3.0)	(22.0)	(25.0)
Cash at bank and in hand	(15.3)	-	-	-	-	-	(15.3)
Net debt (excluding IFRS 16)	(15.3)	-	-	-	2,653.9	2,526.2	5,164.8

4. LEAD WITH ESG

OUR STRATEGY

4

Embracing responsible sustainability and success for all our stakeholders, while unlocking the structural benefits ESG will bring to rental across the Group.

2022 HIGHLIGHTS

EMBEDDED CULTURE OF HEALTH AND SAFETY: ENGAGE FOR LIFE

COLLABORATION WITH KEY SUPPLIERS TO SUPPORT GREENER TECHNOLOGY DEVELOPMENT

ENHANCED EMPLOYEE ENGAGEMENT THROUGH DEI INITIATIVES

'LET'S TALK MENTAL HEALTH' PROGRAMME IN THE UK SUPPORTING EMPLOYEE WELL BEING



22%

reduction in carbon intensity compared with 2017/18



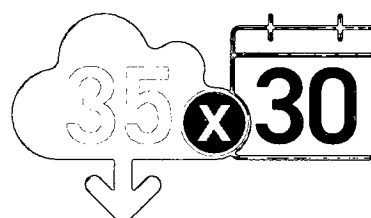
Top-50

military-friendly employer in the US



Read more about our commitment to ESG and our progress in the Responsible business report on page 64





SUNBELT 3.0 IN ACTION

Embedding ESG into our Sunbelt 3.0 strategic plan has produced a step change this year. Health and safety has always been a priority for the Group and we continue to seek continuous improvement through our employee programmes and investment in technologies to aid our team members. We have also made a huge investment in greener fleet and are driving real cultural change through our new Diversity, Equity and Inclusion Task Force as well as our global women's group. Our community engagement is full steam ahead after two years of COVID-19 restrictions, delighting both our colleagues and our communities. We are closely tracking and evaluating our ESG efforts because we know how important this is to our business. This is our Ambition with Purpose.

DRIVING REAL CULTURAL CHANGE

Being a responsible business has always been crucial to us. We are passionate about our people, the environment and the communities in which we live and work. We care deeply about making the best impact possible on all our stakeholders and we are proud of the impact we have had in helping our people, customers, suppliers and communities, especially through the most difficult of times over the last two years. When we announced our new strategic plan, Sunbelt 3.0, last year, for the first time we embedded our ESG priorities. This added a layer of transparency and accountability to the work we do in this area and has placed ever greater emphasis on our environmental and social priorities. We have always said that being responsible is in our DNA but now it's front and centre, and visible in everything we do. Last year we launched important initiatives such as our new Diversity, Equity and Inclusion ('DEI') Task Force and we are delighted that extensive progress has already been made in raising the profile of this important work group-wide. We are excited about the progress we are making and how our innate sense of purpose is driving real change across the organisation and deepening the sense of pride we all have in the work we do.

Ultimately our ESG efforts enable us to deliver on our promises and expand the trust that makes our business tick; trust that the equipment we provide will arrive on time and do what we say it will; trust that it will be well-maintained and compliant with all health and safety requirements; trust that we are endeavouring to source the most environmentally-friendly equipment as we can; trust that everyone involved in the rental process has been treated fairly, kept safe and well rewarded; trust that we are not just taking from the communities in which we find ourselves, but are giving back real social value that can be measured.

BEING A RESPONSIBLE BUSINESS

Our goal is for our responsible business plan to be transparent, challenging and beneficial to everyone we interact with. We analysed our commitments into four key areas: our people; the environment; our communities; and governance. Following an analysis of what is material to the business in each of these areas, we then divided each area into individual segments which focus on the specific commitments we are making. In this Responsible business report we focus on the environmental, social and corporate behaviour aspects of our work. More detail on governance can be found in our Corporate governance report on page 84.

The world is changing and the impact of technological advancements, climate change, social action and unprecedented events such as the COVID-19 pandemic require ever greater attention and action. As part of Sunbelt 3.0, we are reinforcing ESG at the heart of how we operate, while unlocking the structural benefits ESG will bring to rental. Socially responsible behaviour has never been more important

than in recent times. It is easy to treat people well in the good times but the true test of an organisation is how it responds in times of adversity. The decisions we made and the actions we took during the pandemic were made with a focus on the long-term sustainability of the business. Our early decision and communication to the workforce that no one would be made redundant as a result of the pandemic meant that our team members could focus on looking after their families, communities and our customers without having to look over their shoulder continuously.

The rental industry is hugely beneficial for the environment as it leads to the most efficient use of equipment and the manufacture of fewer assets. Significant carbon emissions and consumption of earth's natural resources take place during the manufacture of a piece of equipment. At the end of its life, that equipment requires disposal. Fewer, better designed pieces of equipment utilised as part of a sharing economy are better for our planet.



The Group's activities help advance the United Nations Sustainable Development Goals ('SDGs'). We have identified the eight goals to which we believe we can make the most contribution through our focus on recruitment and training, focus on diversity, equity and inclusion, the development of our products and management of our operations.

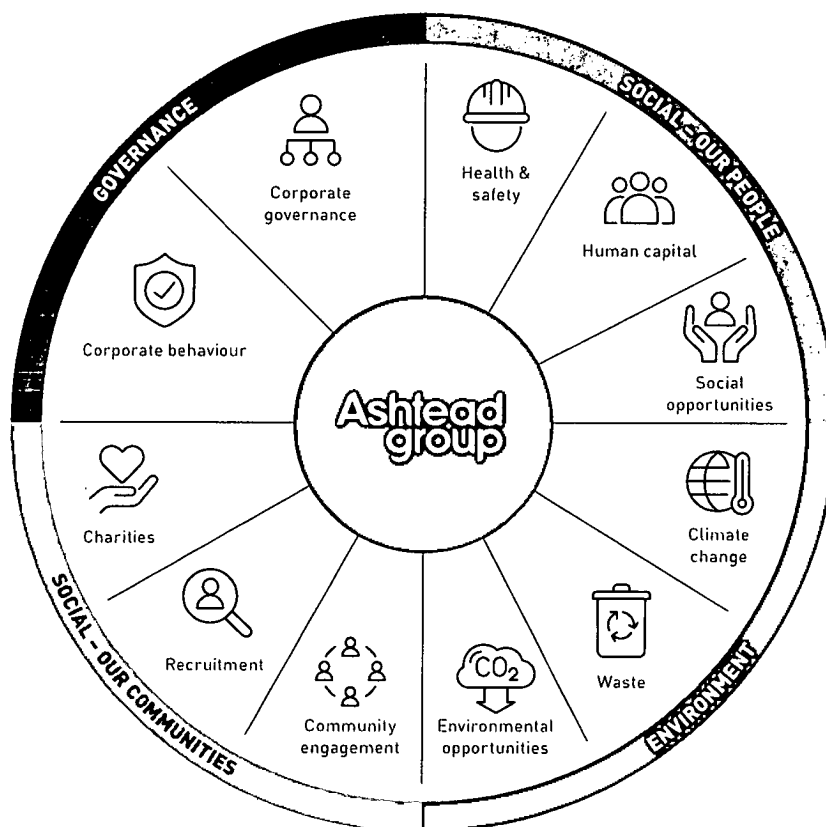
Furthermore, our fleet consists of the most recent and technologically advanced equipment, which is well-maintained and inherently better for the environment than older, less well-maintained equipment.

Our commitment to ESG is clear and we intend to expand further on the areas detailed in this Responsible business report within our first Sustainability Report, which will be published later in 2022. Here we will map the Group's activities and metrics to existing reporting frameworks such as the Sustainability Accounting Standards Board and Global Reporting Initiative standards. We are working to quantify our Scope 3 carbon emissions and assessing the potential applicability of science-based targets. Our industry has an important role to play in reducing carbon emissions both through bringing greener technologies to market and delivering the benefits of a sharing economy. However, as a rapidly growing business, our absolute emissions will increase in the near to medium-term until technological advancements result in equipment capable of fulfilling our customers' needs with significantly lower or zero carbon emissions, which will enable us to reduce emissions significantly in the longer-term.

HOW WE MONITOR OUR WORK

The Group's Board of directors is responsible for monitoring the progress we make against our strategic ESG objectives and the targets we have set. The Board is assisted in this function by the Group Risk Committee which is chaired by Michael Pratt, our chief financial officer. Included on the Group Risk Committee is the Group's managing director of ESG.

For further information on the Group Risk Committee, its members and priorities in current and forthcoming years, please see pages 34 and 35.



EMPLOYEE SPOTLIGHT



Matt Jackson District Manager

Matt Jackson is a District Manager for our General Tool division and has been with us for over 16 years. He is the new President of our DEI Task Force which he says, 'represents our organisation's commitment to support and respect both team members and customers. Sunbelt is becoming more innovative in our way of thinking and fostering connections within our communities in ways we have never done before, and it's exciting to be a part of that change.'

OUR PEOPLE



HEALTH & SAFETY

Health and safety is the backbone of our business and culture. COVID-19 highlighted that more than ever. A strong reputation for excellent health and safety is a significant competitive advantage for us. In addition, an ever-changing regulatory focus on safety and more stringent requirements for all operators continues to assist our growth. It is more efficient to outsource responsibility for equipment safety to us than for customers to manage it themselves. This has been one important factor in the shift to rental that has underpinned our growth in North America and which has reinforced our position in the UK.

Our extensive health and safety programmes monitor, develop and maintain safe working practices while reminding our employees of the need to be safe at all times and look after their own health. Our continued improvement is accomplished through a combination of proactive safety and leadership training, enhanced safety programmes and timely incident response and investigation. This continuous improvement includes a focus on the importance of mental health in the overall well being of our people. We also help our customers ensure the safety of their own employees including providing safety training as required. In addition, we make a considerable annual investment in ensuring our rental equipment meets or exceeds the latest safety standards, as well as providing health and safety advice and materials along with each rental.

HOW WE MONITOR PERFORMANCE

We monitor health and safety by the number of reported incidents that occur during our work. We track and analyse all incidents and 'near misses' to enable us to identify recurrent issues and implement preventative improvements. The importance of health and safety is reflected in the fact that the number of reportable accidents is one of our group-wide KPIs (see page 36).

We continue to develop and improve our incident management system which enables us to manage incidents while allowing us to investigate, analyse root causes and track corrective/preventative actions. The tracking and reporting of 'near misses' is an area we are looking to improve as the lessons learnt are as instructive or often more so, than from actual incidents.

This year the US had 1,326 reported incidents relative to an average workforce of 14,934 (2021: 1,459 incidents relative to an average workforce of 13,526), Canada had 223 incidents relative to an average workforce of 1,575 (2021: 239 incidents relative to an average workforce of 1,409) and the UK had 193 incidents relative to an average workforce of 3,947 (2021: 192 incidents relative to an average workforce of 3,724). For the purposes of our internal tracking, the term incident does not necessarily mean that an employee was hurt or injured. Rather it represents an event that we want to track and report for monitoring and learning purposes under our health and safety management policies. We continue to focus on more timely reporting of every incident or first aid event that occurs.

Reportable accidents continue to be defined differently in the US, Canada and the UK. In the US and Canada, reportable accidents are reported in accordance with OSHA (Occupational Safety and Health Administration) whereas in the UK, reportable accidents are reported in accordance with RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Under the different definitions, more accidents are generally identified in the US as being reportable than in the UK. In order to compare accident rates across the Group, the US and Canada also applied the RIDDOR definition to its accident population.

We remain committed to reducing these rates as much as possible and continue to see progress across the businesses. We are delighted to report that our incident rate improved last year in all geographies.

SAFETY INITIATIVES

COVID-19 tested our excellent health and safety reputation and reinforced it massively. Operationally, we changed the way we work to ensure our team members remained protected, while continuing to work across our store network, ensuring we met the needs of our customers and communities. What remains relevant in a post-pandemic environment, we will continue to do.

We recognise that everyone must take responsibility for their own safety and the safety of others. In North America we continued to develop our Engage for Life programme which is built on three pillars: culture; community; and commitment. We are focused on building a culture that eliminates serious injuries or fatalities ('SIFs'), aligns our best practices, and ensures we all have the right skills to complete work safely.

01 RECORDABLE ACCIDENTS

		2022		2021	
		OSHA	RIDDOR	OSHA	RIDDOR
US	Recordable accidents	190	74	194	114
	Incident rate	0.90	0.17	1.07	0.31
Canada	Recordable accidents	25	5	29	8
	Incident rate	1.49	0.15	2.12	0.29
UK	Recordable accidents	n/a	18	n/a	21
	Incident rate	n/a	0.22	n/a	0.27

**ENGAGE
FOR LIFE**

An important component of Engage for Life is that we demonstrate the dedication to the well being of our team members, their families and communities, while supporting and encouraging team members' safety development. We were recognised by the Board of Certified Safety Professionals ('BCSP') as an Emerald Class Certification Sponsor, for supporting our team members in achieving safety certification, with over 50 team members having completed the programme.

We have core safety processes across all our stores. In North America these include:

- the 'near miss' programme, which provides insights into our exposures across our businesses;
- the pre-task planning programme [Take 10 Programme], which requires everyone to take at least 10 seconds to think through the job they are about to do using a pre-task planning checklist. Examples of tasks where this is applied are loading/unloading, wash bay work, checking equipment in, and technicians repairing or conducting routine maintenance on the equipment;
- the Safety Committee engagement programme, which ensures all stores hold safety meetings and engage in topics such as 'near miss' reporting, being more observant in looking for exposures, corrective action closure, etc.; and
- Regional Safety Managers present in our business, who engage on a daily basis with team members. Their role includes truck inspections, facility assessments, training and listening to feedback from our people during our Wellness Visits.

In addition, the US senior leadership team's weekly safety meetings provide focus towards developing solutions that can be replicated across the Group. We hold annual safety weeks designed to increase awareness of the importance of safety across the business.

**WORK
HOME SAFE**
KEEPING SAFETY PERSONAL...IT'S IN OUR HANDS



HEALTH, SAFETY AND ENVIRONMENT WEEK

This year we held our first joint Health, Safety and Environment week for North America and the UK. The theme was Ready to Go and was designed around the theme of getting our teams 'ready to go' everyday at work.

Each day we highlighted a different safety topic supporting the theme. These included: Power Up, a new initiative to get our bodies and minds ready for work each morning with a focus on movement and dynamic stretching; how our safety councils work to engage our teams and ultimately drive safety improvements; a refresher on what ESH means to our business and how it fits into our strategy; a piece on wellness, in particular fatigue, how quality sleep can prevent errors, breathing, and the importance of powering down at the end of each day; finally, we reflected on two years of our Engage for Life programme and how we are performing.

Similar safety processes operate in the UK. We run the Work Safe Home Safe campaign to ensure staff also take responsibility for their own safety and Sunbelt UK managers undertake the five-day IOSH ('Institution of Occupational Safety and Health') Managing Safety course. The UK is leading the way with its Let's Talk Mental Health programme discussed further on page 63.

Other safety initiatives include:

- in the US we continued our programme to provide safety knowledge and skills at our stores specifically for our Safety Coordinators and Branch Managers. We prepare our store leaders to take an examination to become Safety Trained Supervisors ('STS'). Our goal is to have at least one STS at each and every one of our stores;
- we continued installing cameras in our delivery and service vehicles – a programme we call RITA, or Road Intelligence Transportation Assistant. RITA assists our drivers with real-time feedback on behaviours that could lead

to vehicle incidents. It also provides an opportunity to reinforce positive actions and recognise our drivers for a job well done; and

- in the UK, we continue to highlight the importance of thinking 'ACE' – Awareness, Communication, Exclusion zone – during our health, safety and environment week, demonstrating that by simply being aware of the environment, communicating with teammates or pedestrians and creating a safe exclusion zone, accidents can be avoided.

Senior leadership and middle management support for safety is extremely high across the business. Our focus is at a local level where the work gets done to ensure we move from good to great.

In the US we are also a Safety Week partner. We strive to strengthen our industry's safety culture and performance by sharing best practices, tools and resources. Safety Week is sponsored by members of The Construction Industry Safety Initiative ('CISI') and the Incident & Injury Free Executive Forum. We are focused on the impact our safe choices have on our team members, their families and the communities in which they live and work. We are unwavering in our commitment to continuously improve our safety culture and send each employee home safe each day.

DRIVER AND VEHICLE SAFETY

Our North American transportation fleet continues to operate as one of the safest fleets in the equipment rental industry. Our commercial vehicle training programme is an ongoing initiative across the US and Canada, which ensures that all our drivers are trained in vehicle safety and compliance. We are among the leaders of our industry in continuously supporting the training and education of employees in commercial vehicle compliance and safety, including core training on hours of service, truck inspections, technology enhancements, load securement and hazardous materials.

We continue to target ways to reduce our motor vehicle incident rate. Our driver safety programmes take data from our onboard telematics units and communicates it directly to our motor vehicle compliance team with results shared with field operations daily. This helps us control any on-the-road unsafe behaviours and activities. While designed to improve driving behaviour, we also benefit through cost savings due to lower fuel usage, engine and vehicle maintenance and accidents.

In addition, drivers participate in online risk assessments that identify safe and unsafe behaviours through interactive driving modules. By identifying the risk profiles of our drivers, we are able to develop specific adaptive learning programmes for them. Through the use of electronic driver logs, our drivers receive real-time feedback on their hours of service and our fleet safety compliance team is able to retrieve driver data immediately. In addition to the electronic hours of service logs, we also use an electronic pre-trip inspection that is conducted on the driver's phone. We also train our drivers in defensive driving.

In the UK, our driver training courses are aimed at delivery drivers and cover areas such as loading and unloading of vehicles, working at height, site safety and manual handling. All general drivers, including delivery drivers and fitters, are required to undertake the Driver Induction Course, which is delivered in the form of workshops and covers transport procedures, legislation, hazard perception and practical driver assessments.

We drive over 285m miles each year, so giving our drivers the solid training on defensive driving principles is critical to having safe outcomes on the road.

WORKING ON SAFETY WITH OUR CUSTOMERS AND SUPPLIERS

Being a responsible business means sharing and promoting our safety culture with our customers and suppliers whenever possible. For example, we have dedicated mobile elevated work platform, forklift and earth moving operator trainers who train customers and we offer customised training programmes to fill their needs. We work with customers' safety teams to develop customised training courses, sometimes for a specific jobsite and participate in training days for major customers, demonstrating safe use of equipment and running training seminars. This is in addition to the routine safety briefings that accompany equipment rental. We now offer dedicated full-time safety trainers for our customers in 75 markets across North America and have 18 accredited training centres in the UK.

Our customer training covers a broad range of topics including:

Operator training

- Mobile elevating work platforms, boom lifts and scissor lifts
- Forklifts, warehouse and telehandler rough terrain
- Earth moving equipment, loaders, excavators, backhoes

Train the trainer

- Mobile elevating work platforms
- Forklifts
- Earth moving equipment
- Fall protection

Scaffolding

- User hazard awareness
- Competent person
- Suspended platforms hazard user awareness
- Suspended platforms competent person
- Customised courses available

In addition to the above, we offer a range of other training including:

- working at height safely;
- traffic control management;
- working safely in confined spaces;
- laser scanning and survey equipment;
- propane handling; and
- lock-out, tag-out



VEHICLE TECHNOLOGY SUPPORTING SAFETY

We continue to equip all new Class 8 trucks in North America with collision mitigation technology often available in personal vehicles. A Class 8 truck is a vehicle with a gross weight vehicle rating exceeding 36,000 lbs. In our fleet, these include HGVs, or tractor-trailers, as well as some rollback vehicles. The safety system is designed to try and prevent a collision or decrease its severity in the moments before it occurs, using a forward collision warning system, adaptive cruise control, lane departure warning system and/or an automatic braking system.



HUMAN CAPITAL

LABOUR MANAGEMENT

We know that a skilled and committed workforce is fundamental to our success. Our labour management policies are designed to ensure we take the very best care of our people. As we grow, we add employees both through direct recruitment and acquisition. When we acquire companies, we also acquire their knowledgeable and dedicated staff who have often built up a successful business. To maintain that success, we adopt a circumspect approach when it comes to integrating new staff into the Group to ensure new team members are engaged with the business and the Group benefits from their experience and dedication. We want new employees to be engaged with the new environment in which they find themselves, so we hold a presentation day for staff where senior management presents an overview of the Group, our plans for the acquired business and how they fit into our strategy for the future. We then demonstrate further our commitment to our new employees by investing in the business they helped build. Furthermore, integrating these new employees into our health and safety programmes contributes to enhanced health and safety within the rental industry.

In the past year we have done extensive work on making Sunbelt a more flexible organisation in which to work, which is a huge cultural shift. Part of this is driven by our DEI work because we know that to attract and keep a more diverse workforce, we need to offer more flexibility in how people can work. For example, the pandemic has made people think about work (and life) differently and has resulted in more people seeking a different balance and wanting flexibility in where they work. We are now much more focused on finding solutions that work for everyone involved: the manager; the team member; and the customer.

EMPLOYEE SPOTLIGHT



Karl Reid
Driver

Karl Reid joined Sunbelt as an HGV driver in 2021 with several years' experience in plant and powered access. Sunbelt has helped him acquire his Class 1 Licence and lorry loader HIAB qualification. He drives a 44-tonne low loader and has become familiar with sites for HS2, Tideway and National Grid locations in and around Greater London, getting to know the staff and helping them as much as possible. He says, "No two days are the same but for everything to run smoothly you need to have a great team behind you. You need good engineers back at the store, good route planners and good management. Driving around London can be really difficult so working closely with planners is a must and both sides have to communicate and be willing to listen. Working as a team, we can take it in our stride and find a way to get the job done to keep the wheels turning."

CAREER DEVELOPMENT AND TRAINING

Training and development continues throughout the careers of our employees and we have many programmes in place to ensure they achieve their ambitions, reach their potential and remain safe. Employees' welfare and job satisfaction are enormously important and we invest significant money and time in facilitating career development and evolving training to reflect the changing needs of our workforce.

For our largest group of employees, skilled trades, we have two main approaches to develop talent, career pathing and career progression. Career pathing is about providing employees with a clear promotion pathway within the business. For example, for a driver or technician to become a store manager, we have a career pathway with associated training courses that provide the skills needed for the next step on that particular career pathway. With this option, an ambitious employee can see the route they need to take to develop their career towards a more senior, management role.

For those that want to progress within their specific job area, we offer career progression. Within our skilled trades employee group, this provides a clear progress path that will enhance an employee's skills, ability and experience within their trade or job role. For example, technicians can achieve four skill levels, with each level requiring progressively more in-depth and expert skill and knowledge. To pass from one level to the next, the employee has to pass an evaluation that shows their skills match the next step on the ladder.

For leaders in our store network and other leaders in our central operations, we offer a range of leadership or senior leadership training. These courses ensure our leaders are equipped with the skills to deliver on our business strategy. These include inclusive leadership, coaching, performance and financial management, training skills, and customer experience.

In North America, our career development and training initiatives include:

- a technician-in-training programme;
- a paid technician Co-Op programme for trade school students approaching graduation;
- employee surveys;
- the Jumpstart Sales programme;
- the Jumpstart Manager In Training programme;
- an intern programme both in stores and at the support office;
- a leadership curriculum for all store managers;
- an Executive Leadership Development programme; and
- a Learning Management System ('LMS') that delivers, tracks and manages all our training online.

In the UK we held over 13,000 employee training days last year through a wide range of courses. In order to identify training needs when recruiting, we have developed a series of competence forms and adopted the OSAT ('On Site Assessment and Training') programme. Each employee has their skills mapped against the qualification framework through assessment and any skillgaps are filled through training. Through this process we can be sure of developing the skills and qualifying the experience of our workforce. In addition, we have implemented a leadership development programme across the UK to support the development of leaders in our business and implemented a 'grow coaching' programme for all store managers to ensure they are equipped with the skills to coach and mentor staff within the business.

To evaluate the effectiveness of our training, we issue all delegates with feedback forms and these are evaluated and actioned as required.

REWARD AND BENEFITS

We use a combination of competitive fixed pay and attractive incentive programmes to reward and motivate staff and these drive our profits and return on investment. All eligible Sunbelt UK employees are paid the Living Wage (as recommended by The Living Wage Foundation) and Sunbelt UK is an accredited Living Wage Employer. In North America we adopted a Leading Wage to ensure all employees are paid an hourly rate in excess of the state and federal recommended rates.

We provide a comprehensive package of benefits ensuring they represent affordable and smart choices for employees. Each benefit offering has been designed to work with another, providing a financial safety net that serves those employees in need, as well as providing us all with a proper sense of security. In the US we offer robust and comprehensive medical coverage and, despite the growing costs of healthcare, member contribution rates were not increased. By continuing to promote wellness, we intend to maintain a fair and balanced health plan that is considered one of the best in our industry. Our retirement plans are well received with a 96% enrolment rate in our US 401(k) plan, 87% enrolment rate in Canada and 94% of UK employees participating in the pension plan. Our employees are excited to be here, and we want to help them prepare for their future, whatever it holds.

Our sales force is incentivised through our commission plans which are based on sales, both volume and price achieved, and a broad measure of return on investment determined by reference to equipment type and discount level. We flex our incentive plans to reflect the stage of the cycle in which we operate and the drivers of performance for the business.

INTRODUCTION OF PAID PARENTAL LEAVE IN THE US

While the US lags the UK on parental leave, we are a leader in the US rental industry in this area. We launched a Paid Parental Leave (PPL) benefit to US team members beginning January 2022. This policy applies to either parent and is in effect any time during the first year for births, adoptions, or placements of foster children.

which we believe is an important element in retaining the confidence of our workforce through the economic cycle.

In addition to their core benefits, including pension and life assurance arrangements, we have an employee assistance helpline which offers free confidential support and advice to those in need. We also have other benefits to promote good health amongst our employees. In the UK we have a flexible holiday arrangement enabling employees to purchase additional holiday entitlement or sell unused or unwanted holiday back to the company, giving them the opportunity to exchange some of their holiday entitlement for additional pay and allow the employee more flexibility and choice in how they use their contractual benefits.

STAFF TURNOVER

We endeavour to hire the best people, train them well and look after them so they provide the best possible service for our customers. Our aim is to keep employee turnover as low as possible to enable us to build on the skill base we have established. This is core to the success of the business and our competitive position and therefore staff turnover is one of our KPIs (see page 33).

In general, the rental industry suffers from high staff turnover, particularly within certain job categories such as mechanics and delivery truck drivers, with turnover being particularly high within the first two years of employment. We find increasingly our staff targeted by competitors which, whilst a compliment, means we have to work harder to retain them.

In North America, our voluntary staff turnover is 18% (total staff turnover is 22%) with c. 70% of this turnover arising from people with less than two years' service. Although staff turnover is slightly higher in the UK, the overall picture is similar. Voluntary staff turnover is 22% (total staff turnover is 25%) and over half of voluntary staff turnover arises from people with less than two years' experience.

SUNBELT UNIVERSITY

Last year we implemented a new learning management system for Sunbelt University to offer a better learner experience for all colleagues including:

- A mobile-only platform
- Over 10,000 courses available for various audiences
- Paperless hands-on evaluations for equipment certifications
- Improved visibility for compliance with regulatory and required training
- Improved training technology to transform how learning is delivered at Sunbelt
- Improved ease of finding training applicable to jobs
- Increased efficiency by integrating all of our North America operations into a single platform, with planned expansion to include Sunbelt UK.



Our employees are driven, conscientious and loyal and we work hard to maintain that through market-leading training and development and superior reward and benefits. We have extensive programmes in place to ensure high standards of recruitment, training, and the appraisal, review and reward of our employees. A key area of focus for improvement is the onboarding and mentoring of new recruits. As can be seen from staff turnover levels and safety statistics, employees are unlikely to leave us and much less likely to suffer an injury or accident at work if they have been with us for two years or more. In addition, we endeavour consistently throughout the year to maintain and develop arrangements aimed at involving employees in the Group's affairs and hearing their views. Regular meetings are held at stores to discuss performance and enable employees to input into improvements as well as providing feedback on their own levels of satisfaction.

EMPLOYEE SATISFACTION

Getting ongoing feedback on how our staff are feeling and then making any changes necessary, is crucial to maintaining a happy and fulfilled workforce. We pride ourselves on having a strong culture, with a strong sense of purpose amongst our team members who take their responsibilities to assist customers and communities seriously. There is also a strong sense of pride in a job well done such as when we are helping people get back to normal after a natural disaster. We now hold annual North American-wide and UK employee surveys which have received excellent levels of response. We have been delighted with the results so far, which show a high degree of employee satisfaction even given the very difficult circumstances our staff were having to deal with both personally and at work.



In North America, our first Express Yourself Survey received a remarkable 88% participation rate with an 89% engagement score. The second one is ongoing. In the UK, participation in this year's survey was 81% with an 83% engagement rating. Key findings were again that the majority of team members reported a sense of pride, would recommend Sunbelt to family, that their managers care about safety and that they trust their manager to do a good job. We analyse all the results from the survey and take action accordingly. We plan to associate all action taken specifically with the survey to reinforce that we have listened and are taking action directly as a result of staff feedback.



SOCIAL OPPORTUNITIES

DIVERSITY

This year saw huge progress in this area. We are committed to ensuring that our workforce reflects the communities in which we live and work, and providing equal opportunities for all our staff is a priority. Our recruitment comes predominantly from the areas immediately around our facilities, thereby providing opportunities for local people and a positive impact on their community.



DIVERSITY, EQUITY AND INCLUSION IN THE US

It has been a busy first year for our DEI Task Force which has been meeting regularly, with senior management also travelling around North America to communicate directly with the wider team about our DEI aspirations.

We are creating an ongoing feedback loop to ensure that we are analysing what the business needs and wants, creating the framework to deliver that and communicating back to the business what we are putting in place. Members of the Task Force were part of the Senior Leadership meeting in April 2022 talking particularly about what DEI advocacy means within the business. We are opening up discussions, creating training materials, sharing personal advocacy stories from staff and making real cultural change. We have also expanded our recruitment team by adding a director of talent acquisition focused on attracting diverse candidates. Our new women's group, WISE, (Women, Inspired, Supported, Empowered!) is also supporting women across the organisation and helping to identify ways in which we can attract more women into our workforce, specifically within operational roles across the business.

We make every reasonable effort to give disabled applicants and existing employees who become disabled, opportunities for work, training and career development in keeping with their aptitudes and abilities. We do not discriminate against any individual on the basis of a protected status, such as sex, colour, race, religion, native origin, or age.

Our Diversity, Equity and Inclusion Task Force in North America draws from a diverse group of 14 team members across the organisation and is designing and implementing a new diversity, equity and inclusion strategy. We had over 300 applicants for this important initiative which reflects our collective desire for a more engaged and empowered workplace when it comes to diversity, equity and inclusion.



In the UK, we have a similar group as part of 'Let's Talk Belonging' with Equality, Diversity and Inclusion Ambassadors from across the UK taking part in forums to explore the concept of 'belonging' and what this means on a day-to-day basis. Subsequent to this, we have engaged with an external third party in order to carry out a full assessment on our approach to equality, diversity and inclusion. We are taking our diversity and inclusion drive outside the business also, with participation at job fairs at community colleges, supported by our social value ambassadors.

In the US we are required by law to monitor ethnicity in our workforce and we maintain a diverse workforce with 31% of the US workforce identifying themselves as being non-white. We also gather ethnicity data as part of the recruitment process in the UK and monitor our diversity. We are committed to providing opportunities for people from all ethnic groups and in both geographies we have good representation from ethnic minorities across the organisation. We are also working to increase gender diversity at all levels of the business. However, our workforce as a whole reflects the nature of our business, the industry in which we operate and the markets we serve with just 12% of the Group's workforce being female. A significant proportion of our workforce are litter engineers and HGV



INCLUSION IN THE CANADIAN FILM AND TELEVISION INDUSTRY

Our lighting, grip and lens business in Canada has long been an advocate and partner with POV Film, an organisation that partners with talented youth to champion diversity, equity and inclusion in the content production industries, by increasing access to skills training, job placements, mentorship, and professional development opportunities. Through in-kind donation of space, equipment, and resources, we are helping provide valuable opportunities to talented young people, as well as building a stronger, more diverse film industry workforce across Canada.

We also work extensively with WIFT ('Women in Film and Television') providing a week-long immersive mentoring programme for production managers, providing insight and hands-on knowledge of our niche industry. For production managers; practical knowledge of equipment is invaluable.

drivers, virtually all of whom have been male historically. Therefore, while across our workforce we seek to promote increasing proportions of women in the business, and we have seen success in some areas of our business such as within professional functions, sales and customer service, we recognise that some roles will continue to attract fewer women.

Nevertheless, whilst our industry has traditionally had many more men than women, we do have women at all levels of the Group, from the Board to store level. While four members of our Board (44%)

are female and we have women on our senior management teams and as store managers and sales executives, we realise we have work to do to increase the number of women throughout the business.

We will continue to prioritise recruiting the best people for every role and are working to make it easier for more women to join the organisation, particularly as we expand. We believe that in doing so, we will move towards achieving a greater level of women's representation across our company at all levels starting from the grass roots of our organisation.

02 WORKFORCE BY GENDER

	Male	Female	Female %
Board directors	5	4	44%
Senior management	30	8	21%
All staff	19,199	2,560	12%

03 PAY GAP

	Pay gap
US	5%
UK	1%
Canada	8%

We are also encouraging greater gender diversity and seeing success through our apprenticeship programme in the UK. Over time, we believe that this will broaden the representation of women within our workforce at all levels as they progress through the organisation. This will however take a number of years to have an impact.

Ashtead pays men and women the same for the same role with the actual remuneration being based on their skills, experience and performance. As a result of our mix of employees and the roles they undertake, the average pay of men and women differs across the business. Summarised in Table 03 on page 62 is the amount by which average pay for men exceeds that for women.

EMPLOYEE WELL BEING

We believe in treating our staff well and rewarding them for the effort they put in on our behalf. It is crucial that our workforce is a healthy one, both physically and mentally, and we work hard to look after our people and help them look after themselves. When our staff are on top form, they provide the best service to our customers. We are also there to help when they find themselves in difficulties. At no time were our efforts in this area more apparent than during the pandemic when we prioritised our employees' well being at all times.

In North America, the Sunbelt Rentals Employee Relief Fund was created to support employees who are facing financial hardships after a natural disaster or other life-changing events. The Fund was initially established to help the victims of Hurricane Charley in 2004 and is now a part of our long-term strategy to assist team members through catastrophic financial hardships. Any employee of Sunbelt is eligible to receive relief from this fund for the benefit of themselves or their immediate family members living in their household.

In the UK our 'Let's Talk' well being programme started with 'Let's Talk Mental Health' volunteers completing a two-day professional Mental Health First Aider course ('MHFA England') and we plan to train more staff in this important area.



Lisa Blase
Store Manager

Lisa Blase is the manager at one of our largest stores in Canada and is a passionate leader and advocate for women in the construction industry. Lisa's aim for the women she leads is to provide an environment where they feel confident and supported. She supports more tools and resources to become readily available to promote an inclusive environment for women within the construction industry. Lisa's advice to women interested in seeking a career in construction is to "ask questions, set boundaries, and empower each other." She also encourages her co-workers to connect with other female leaders to develop a support system.

LET'S TALK MENTAL HEALTH WELL BEING PROGRAMME

The Let's Talk Mental Health programme aims to remove the stigma surrounding mental health issues and create an environment where everyone feels they can talk openly with one of our trained mental health first aiders if they need to.

The UK business has more than 50 trained mental health first aiders who are available to any employee to talk about how they feel or issues that might be causing them worry or distress. Alongside our first aiders, the programme raises awareness of mental health issues widely among our workforce and is delivering mental health awareness training for line managers to support their knowledge and skills. More than 150 line managers have received mental health awareness training and we expect all line managers to have completed the training by the end of 2022.



ENVIRONMENT



Protecting the environment has always been an important element of how we work. Now it is front and centre of our strategic plan, Sunbelt 3.0, with 'Lead with ESG' one of our five actionable components to enhance transparency regarding our commitments and achievements. Our biggest commitment in this area is to decrease our carbon intensity by 35% by the year 2030, with a shorter-term goal to reduce carbon intensity by 15% by 2024.

We believe this is not just the right thing to do but will bring us significant competitive advantage. Renting equipment rather than buying it is already the most environmentally-friendly way to use equipment. We believe rental is essential to environmental progress, designing out waste, reducing emissions and keeping products and materials in use, thereby assisting the regeneration of natural systems rather than depleting them consistently.

We are committed to providing the very latest, low and even zero carbon emission equipment available. We also increasingly help our customers work in more environmentally-friendly ways. We already offer the most comprehensive range of green equipment available in the market but we are committed to working closely with all our suppliers to help them develop the most environmentally sustainable equipment that we can then buy. Around 20% of our rental fleet is powered by alternatives to traditional diesel power, including battery, electric and hybrid options.

The large majority of our diesel-powered fleet also meets the most stringent North American and European emissions requirements. However, we are not content with simply being a buyer of next generation equipment; we want to influence and support our larger suppliers to accelerate the shift to a low-carbon economy. So, we work closely with them to help them design, develop, trial and bring to market innovative, environmentally-sustainable equipment, including electric versions of the most widely-used pieces of rental equipment.



INVESTING IN GREEN TECHNOLOGY FOR OUR CUSTOMERS: ELECTRIFYING AN ICON

We have partnered with Doosan Bobcat ('Bobcat') to develop and produce the world's first all-electric compact track loader. Our collaboration involved concept and product development, and testing and customer acceptance of the battery version of Bobcat's iconic compact loader.

In addition to being a zero-emission machine, the loader has other environmental benefits:

- it is made with around half the parts and components of the traditional diesel version, reducing maintenance needs and lifetime ownership costs;
- using electric motors rather than hydraulics, the loader needs only one litre of eco-friendly coolant compared to around 230 litres of fluids for the diesel/hydraulic model, reducing costs, emissions and the risk of spills; and
- the motor is silent-running and reduces vibration for operators.

In addition to collaborating in the development phase, Sunbelt has committed to buy two-thirds of the initial production run of 150 machines.

Diesel compact loaders are a staple construction machine in North America with around 100,000 units purchased each year. Rental only accounts for a 30% share of this market. With our investment in the electric loader, initial rental penetration of this zero-emission model based on our investment alone will be 67%. We plan to partner with Bobcat on further electric product development in the future.

We are in a good position to influence how new products are developed and used through our relationship with customers and manufacturers. We are therefore in an ideal position both to understand customer demand for greener equipment and support manufacturers to meet these needs with their product development. At the same time, our desire to invest in new and greener technology demonstrates to manufacturers there is demand for their new products. Finally, by bringing new products to a wide audience of customers in the rental market we help develop acceptance of new equipment and drive further demand.

Recent examples of our investment in greener equipment include:

- buying 100 (two-thirds of the first year's production) of the newly-launched electric Bobcat compact track loader in North America and investing in 30% of all Wacker Neuson electric four-wheel drive dumpers in the UK, ensuring high levels of rental penetration and use for these new products;
- in the UK, ordering £65m of the latest JCB equipment, 92% of which is either electric or hybrid powered or meets the latest emissions standards for combustion engines; and
- working with, and investing in, innovative start-up manufacturers in the areas of portable battery power, and battery design and packaging.

Focusing on environmental impact helps our staff feel good about where they work and helps to build good relationships with the communities around our stores. We are, and intend to continue, leading the rental industry through innovation in this area.



CLIMATE CHANGE

Like any other business, climate change has the potential to impact ours, both positively and negatively. For example, adverse weather events or natural disasters could negatively affect economies and disrupt our business day-to-day but also increase the demand for our services as we respond to the needs of our communities in recovering from such events. Our climate change focus is on our impact on the environment and we can reduce it through lower carbon emissions, waste and water usage.

Our commitment to improving energy performance and reduce carbon emissions is intended to reduce our impact on the environment and should also deliver significant long-term cost savings. We can do this through managing our own performance and enabling that of our customers.

We monitor our energy performance by looking at the management of:

- fuel usage;
- electric and gas usage;
- fleet telematics; and
- driver training.

We provide more environmentally-friendly equipment when possible such as:

- electric equipment;
- eco accommodation units;
- eco lighting;
- battery powered products; and
- hybrid generators.

GREENHOUSE GAS EMISSIONS

As we are a growing business with ambitious expansion plans, our absolute greenhouse gas ('GHG') emissions will necessarily increase in the near-term. However, we continue to evaluate how best we can limit that increase and mitigate the impact. As mentioned on page 64, we are committed to a significant reduction in our carbon intensity.

Our Scope 1 (fuel combustion and operation of facilities) and 2 (purchased electricity) GHG emissions are reported in Table 04 below, together with details of the energy consumption used to calculate those emissions.

In order to calculate the GHG emissions and total energy consumption in mWh, we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company

Reporting 2020, as well as the US Environmental Protection Agency. Emissions have been measured using a 'market-based method'.

In the UK, we collect data from all Scope 1 and 2 suppliers and hence, there is no estimation involved. In the current year, the UK's Scope 2 (purchased electricity) emissions have reduced as a result of sourcing electricity from renewable sources which are REGO (renewable energy guarantees of origin) backed. As a result, Scope 2 emissions have been largely eliminated during 2021/22 with the remaining emissions relating to a small number of locations where energy is sourced through a third party. In the US and Canada, due to the size of our operation, we collect data from the significant vendors and then use this to estimate emissions attributable to the balance. At April 2022, approximately 8% of the North American emissions balance was estimated. Emissions from the Group's lighting, grip and lens business in Canada are not included. We believe that these emissions are immaterial to the Group's overall carbon emissions and we are working to collect this data going forward.

Historically we have not reported Scope 3 emissions due to the difficulty in gathering accurate and reliable information. We are working to quantify our Scope 3 emissions so we can monitor these and report on them in the future. The majority of these arise through our customers' use of our equipment on their sites and projects, emissions from the use of sold rental equipment subsequent to our ownership and the embedded carbon in our supply chain. Consequently, they are based on broad assumptions which are inherently difficult to validate. Accordingly, our Scope 3 emissions will always be subject to a significant degree of estimation uncertainty.

04 GREENHOUSE GAS EMISSIONS

		2022		2021		
		UK	Total	UK	Total	
Scope 1	tCO ₂ e/year	30,099	302,843	30,610	288,438	
Scope 2	tCO ₂ e/year	357	26,977	2,409	30,532	
Total	tCO ₂ e/year	30,456	329,820	33,019	318,970	
Energy consumption used to calculate emissions		mWh	131,148	1,317,129	139,912	1,246,179

* tCO₂e/year defined as tonner of CO₂ equivalent per year.

RESPONSIBLE BUSINESS REPORT CONTINUED

While we are focused on reducing our carbon emissions, they are likely to increase as we grow over the medium-term until technological advancements and increased manufacturing capacity reduce reliance on the diesel engine. Thus, at this stage, our key performance metric is carbon intensity as we look to mitigate our environmental impact. Our level of GHG emissions vary with our activity levels which are reflected in our revenue levels. Accordingly, we have concluded that the most appropriate intensity ratio for Ashtead is revenue intensity. Our intensity metric is therefore carbon emissions per million dollars of revenue (tCO₂e/\$m).

	2022	2021
Carbon intensity ratio – emissions per \$m of revenue (tCO ₂ e/\$m)	42.2	48.8

On a constant currency basis (using this year's exchange rates) our intensity ratio has reduced from 48.5 to 42.2.



WASTE

We are focused on reducing waste to landfill and the amount of water we use.

Our business model necessarily promotes less waste overall going to landfill because we are renting the same piece of equipment to many customers and maintaining it to such an extent that it has a long product life. If each of our customers were buying all the equipment they need, perhaps using it only a few times and then disposing of it, then there would be considerably more equipment going to waste than with a rental model. We are working proactively with our supply chain to increase the amount of recycling of our equipment that can be done to avoid even obsolete equipment going to landfill.

We are actively pursuing programmes to reduce the volume of the waste we produce in all our territories. We are working with suppliers to reduce the packaging included with products we procure and are partnering with suppliers to develop takeback programmes for equipment packaging and protective materials. We offer recycling at our owned rental sites, partnering with suppliers to enhance the recyclability of products.

We monitor and manage our water consumption, working to ensure that process water is collected (and treated as required) and disposed of appropriately. We have introduced water mapping and have identified 20% of our locations as being in water-stressed areas, specifically those in California and the south-west and central states of the US. We will be introducing technology to help reduce water use in these areas.



ENVIRONMENTAL OPPORTUNITIES

Unlike many other companies, climate change represents more of an opportunity than a risk for Ashtead, which will also bring us significant competitive advantage. There are two main factors contributing to this opportunity.

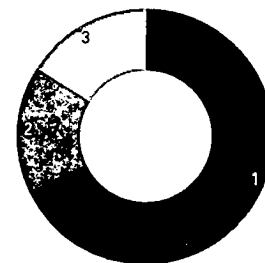
Firstly, as regulations change requiring greater use of lower carbon technologies, companies will voluntarily choose to use more environmentally-friendly equipment. However, as we see today, emerging technology is more complicated and expensive, at least initially, than existing technology. As a consequence, it will be more efficient for companies to rent that equipment from us rather than buying it themselves. So climate change will provide additional impetus to the shift from ownership to rental that we talk about often in this report.

Secondly, the more extreme weather events associated with climate change lead to the kind of damage that requires a rapid response and clean-up operations in which we are highly experienced. Our disaster response capability is one of the specialty areas in which we truly excel and are well known. While not linked directly to climate change, our disaster relief capabilities were immediately called upon to assist with management of the COVID-19 pandemic in the US, Canada and the UK, even under lockdown across all territories.

FLEET COMPOSITION

Every year we invest millions of dollars in new equipment and fleet which produces less carbon, less particulate matter and needs less maintenance and servicing. We work closely with our suppliers to develop the next generation of equipment, constantly innovating, trialling and improving on today's technology. Consideration of maintenance and servicing requirements as well as what happens at the end of a product's useful life are a key part of this process, as we believe that true sustainability needs to consider a holistic, whole life cycle approach.

GROUP FLEET COMPOSITION



1 Fossil fuel	68%
2 Electric	16%
3 Other, inc. non-powered	16%

The chart above shows the composition of our fleet today, with approximately one third of our assets comprising of non-fossil fuel powered assets. These include electric or solar powered assets, such as electric scissor lifts and tower lights, as well as non-powered assets. We expect this to increase going forward as alternative technologies become available. Even today, our third largest category of fleet is electric scissor lifts.

ALTERNATIVE FUELS

We are building partnerships with suppliers to introduce alternative energy and fuel solutions for our customers. HVO (hydrotreated vegetable oil) fuel is manufactured from 100% renewable and sustainable waste, ethically sourced and derived from raw materials. HVO is a 'drop in' fuel that can replace diesel with no changes required to the engine or operational infrastructure. It is legal for road and non-road use and offers significant reductions in noxious tail pipe emissions. We launched this alternative fuel to our UK customers hiring equipment with combustion engines, which would normally have burnt fossil-fuel-based red diesel. HVO has been proven to create a 90% reduction in net carbon emissions (CO₂e) on-site. Several of our UK national customers have already made the switch.

COMPANY VEHICLES

Driving over 285m miles a year delivering and servicing equipment and serving customers means that any steps we take to reduce the environmental impact of our vehicle fleet are important. Additional vehicle efficiency steps taken include the use of:

- telematics on vehicles to monitor engine idling and driving efficiency;

- a telematics dashboard to enable tracking of fuel usage and CO₂ emissions by location and individual asset, enabling better operational and cost saving decisions;
- speed limiting devices on all three-axle vehicles in the US, resulting in fuel savings and increased safety;
- technology to optimise delivery routes;
- tyre pressure monitors to optimise fuel efficiency;
- fuel efficient tyres and tyre inflation systems to reduce rolling resistance in the US;
- improved design to increase fuel efficiency of the delivery and service fleet; and
- reducing tailpipe emissions.

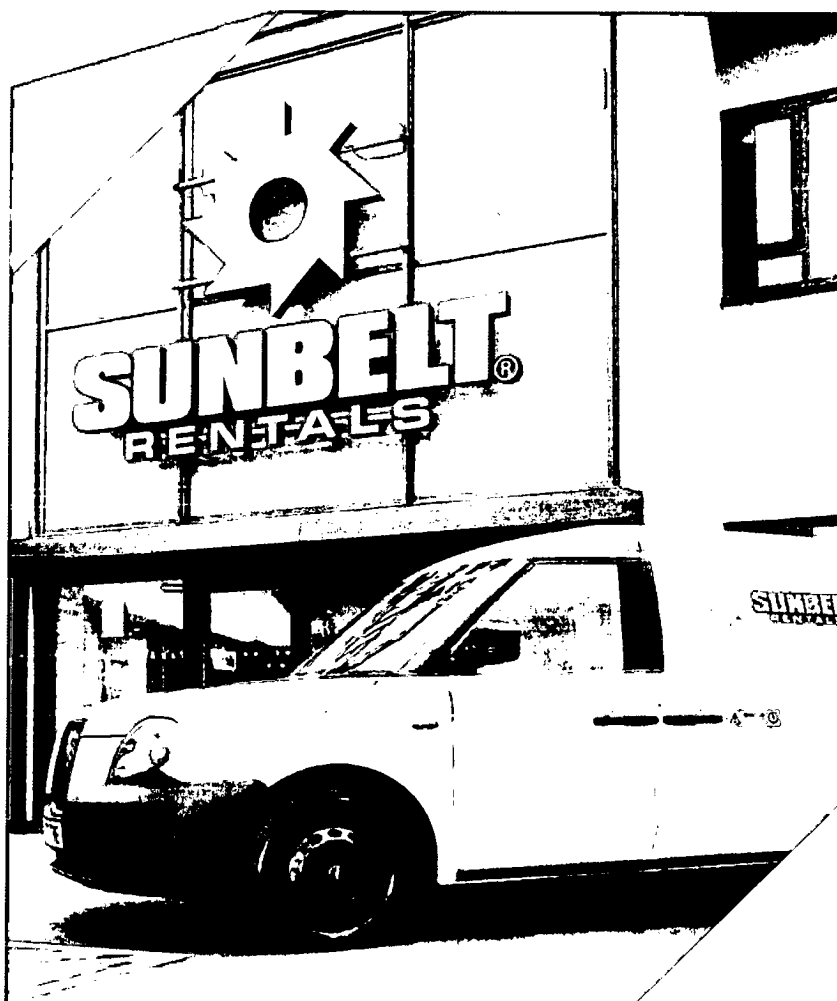
We continue to make fleet efficiency gains. The Fleet Operator Recognition Scheme ('FORS') is an accreditation scheme that aims to improve vehicle fleet activity throughout the UK. The overarching scheme encompasses all aspects of safety, fuel efficiency, economical operation and vehicle emissions, with the UK having successfully retained its Gold status for the sixth year running covering 145 of its depots.



Our strategy is to operate an environmentally responsible transport and logistic fleet:

- we offer eco-site solutions and co-located on-site facilities, to keep equipment and expertise as close to projects as possible, minimising trips to and from our depots to replenish plant and equipment;
- within three years we will convert all new orders for light duty fleet to nearly 100% environmentally responsible vehicles in the US; and
- our planned transport replacement plan will ensure that the entire UK fleet is Euro 6 compliant by mid-2022.

We are working hard to change as many of our company vehicles to 'green' vehicles as possible, linked to our overall carbon intensity target.



TRANSITION OF VEHICLE FLEET

More than 80% of our carbon footprint comes from our vehicle fleet. To tackle this, we are making a range of investments in our delivery and other vehicles. This investment includes the purchase of vehicles but also an investment in the charging infrastructure at our depots and at our employees' homes.

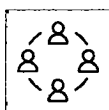
For example in the US, we ordered 700 all-electric F-150 Lightning pickup trucks for our on-road and rental fleet. This will account for a significant proportion of our F-150 fleet. In addition, we have ordered 10 Class 8 HBEVs which we will pilot as part of our fleet during 2022/23. This is the first step in trialling and aiding the commercial development of this technology.

In the UK, we are also making investments in electric vehicles, including the purchase of new London EV Company vehicles as part of our delivery fleet.

OUR COMMUNITIES



Playing a big role in our local communities is crucial in all our markets and massively important to our sense of purpose as an organisation. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence, enhancing the communities in which we operate, through employment, opportunity and community involvement. Our responsibility to these communities increases as we grow. It is crucial to us that we recruit locally when we can, including young people, long-term unemployed and veterans. We believe the skills and discipline gained through military service translates well into our work environment.



COMMUNITY ENGAGEMENT

Working with local charities is very important to us. We also have a huge impact on both our own communities and those further afield through our disaster relief work with communities in distress from a wide range of factors. We are a first responder when it comes to natural disasters, restoring communities and conducting massive clean-up operations after storms and floods, for example.

In the UK we have a designated Social Impact team that is working with customers as well as staff to support social value initiatives. We are using the UK National TOMS ('Themes, Outcomes, Measures') framework to measure our efforts against a minimum reporting standard for social value. We aim to eventually use this framework to guide and measure our social impact group-wide.

We are also working with community colleges to increase our recruitment from those, as well as with organisations working to improve the lives of people in difficulty, for example the homeless in the UK, as well as young people at risk of drugs and violence, to demonstrate and provide an alternative way of life.



DAMAR CHILDREN'S HOME

We like to get involved in community initiatives big and small. We support Damar in central Indiana, an organisation which serves 1,500 individuals with developmental disabilities and autism daily. We collected over 4,000 pairs of socks for the nearly 200 children at their residential campus. Many of these children arrive with minimal belongings or funding to cover necessities. We were also recognised for giving over \$25,000 in support last year to the young people's home.

OPERATION BBQ RELIEF

Armed with a caravan of cooks, mobile pits, kitchens and volunteers, Operation BBQ Relief delivers the healing power of BBQ in times of need, feeding first responders and communities affected by natural disasters along with year-round efforts to fight hunger. We have worked with them since 2015, providing free equipment, supporting their fundraisers, volunteering when needed and most recently providing training classes on how to use generators and forklifts, for example.



EMBASSYVILLAGE

The Embassy project is a unique programme which aims to turn around the fortunes of Manchester's homeless. Embassy Village will provide emergency shelter and support to vulnerable men across the region, providing a safe and secure home for the homeless or those at risk of being homeless. We are proud to have helped support the project through achieving official planning permission to providing various site surveys from our expert teams. The Village will be located under the city's railway arches at Castlefield and provide 40 new high-quality homes, each with their own front door. The Embassy team will manage the site 24/7 and work to reintegrate vulnerable people back into society by helping them to find work and a home of their own.



RECRUITMENT

With our continued rapid growth, recruiting new employees is of the utmost importance. Our recruitment efforts are not only focused on finding the right employees and communicating the benefits of working for Sunbelt, but bringing awareness and excitement about the opportunities we provide. Our focus is on improving and standardising our recruitment and onboarding processes to reduce the level of turnover in the first two years. To aid these efforts we have a number of programmes including:

- our US Co-Op programme which provides an entry point for trade school students to apply knowledge and skills learned in their programmes of study. Over the course of six months, participants perform specific job tasks while demonstrating the potential to join the team as a technician-in-training or technician upon graduation from their trade school;
- Manager In Training ('MIT') - this programme identifies top talent out of college and the military and places them through an accelerated training programme; and
- our UK careers website allows prospective employees to apply online and enables us to manage the whole recruitment process internally, from posting of vacancies through interviews and offer/unsuccessful letters. Users are able to sign-up for job alerts in specific regions or divisions and internal reporting is both detailed and tailored.

WEAPONS DOWN GLOVES UP

Last year we launched an exciting new strategic partnership with Liverpool-based charity Weapons Down Gloves Up ('WDGU'). In just 12 months the charity created full-time employment with local companies for over 100 NEE's - those 'Not in Education, Employment or Training', aged 19-24, with a success rate of 100% staying in work. The charity uses the power of sport to take young people, including those leaving the care system, off the streets, away from the possibility of being groomed into drug trafficking and gang culture. It's free to take part and begins with a boxing programme supported by local pro boxing legends, where the young people are able to build trust with their responsible coaches. They then receive industry-specific training, where they learn about job opportunities and are offered support through the interview process to get into work and all benefits. We are fully committed to working with our customers to support this charity - helping to train more young people, so the team can achieve their ambition of finding sustainable employment for 1,000 young people by 2023. This is a superb way for us to have direct social impact as well as potentially sourcing new recruits to our apprenticeship programme.

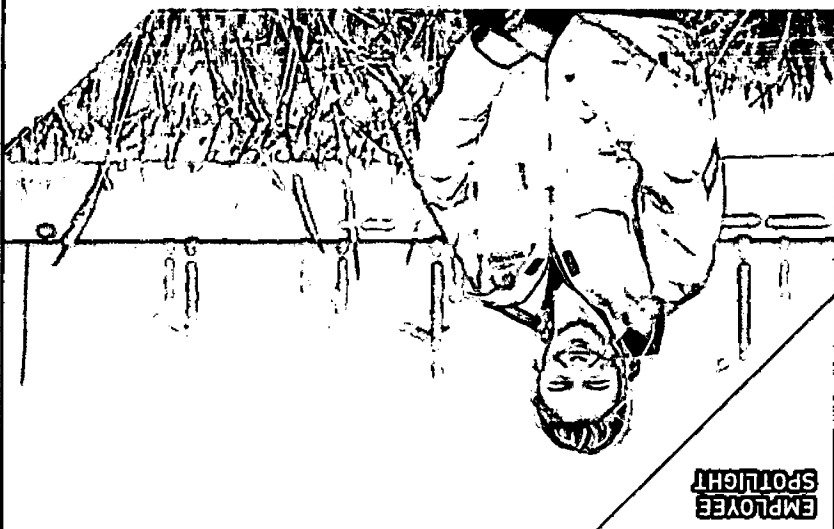
UK APPRENTICESHIP PROGRAMME

The UK's apprenticeship programme continues to win awards for being one of the most successful and highly valued schemes in the equipment rental industry. We took on 29 trainees this year and we plan to recruit over 60 apprentices in the coming year. Our apprentice programmes take between one and three years to complete and usually include outside training and a formal NVQ qualification. We have six apprentice streams: plant maintenance; customer service; driver; electro technical; mechanical engineering; and civil engineering. Our apprentice scheme also has an impressive 85% completion rate compared to the industry rate of c. 60%.

MILITARY RECRUITMENT

Veterans make up an increasing proportion of our workforce and they are a group we are keen to attract and support in all our territories. In the US we are designated as a 'top-50' military-friendly employer, and we intend to be a true leader in veteran employment, having achieved a silver award in 2022, an achievement attained by only a small number of companies. From soldiers and sailors to airmen and marines, these veterans choose us because they believe in the way we do business. We leverage the Power of Sunbelt by using principles like teamwork, integrity, loyalty and respect to help our customers and our employees lead better lives. Our military recruitment campaigns include acknowledging veterans in our current workforce, expanding our work with the Gary Sinise Foundation and participating in media events, such as 'Military Makeover'. We have designated veteran recruiters, working with the military, to introduce potential veterans when they are still in the forces, and exploring what next, as well as when already retired. Our veterans group runs on four cultural pillars: resources; recruiting; recognition; and retention. When a new veteran joins the Company, an ambassador reaches out to welcome and introduce them to other veterans. With these combined efforts, we are determined to be the employer of choice for people leaving the military in the US.

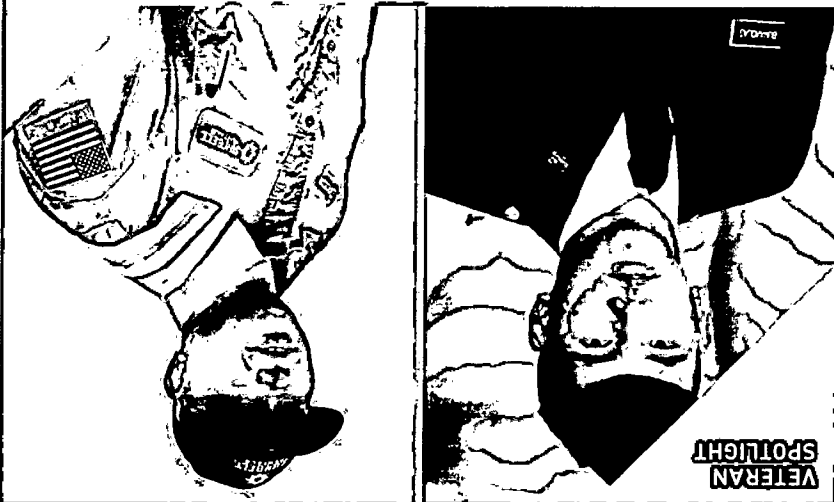
EMPLOYEE SPOTLIGHT



Lucy O'Rourke
Plant maintenance apprentice

Lucy O'Rourke joined us in 2019 as a plant maintenance apprentice at our Wilton International Depot as one of only two female apprentices in her sector. She decided to join us because she was happy to work with the best people in the industry. She has already won Young Apprentice of the Year at the Hire Association Europe Hire Awards of Excellence and the Judges Special Award at this year's Construction Europe Hire Awards Association Stars of the Future Awards. She is now a fully fledged fitter and is beginning her NVQ Level 3 qualification in Plant Maintenance. She says, "It's not a man's world anymore. I want to show that women can work in this industry and that a plant mechanic role is not just for men."

VETERAN SPOTLIGHT



Deacon Bumannlag
Road Mechanic

Deacon Bumannlag is a road mechanic in California. Before joining Sunbelt, Deacon served in the Army for 15 years. While serving through multiple deployments, Deacon says he learned awareness, patience, respect, and "always be thankful for what you have." He joined the military initially to make a difference in his own life and the lives of his family. Making the switch to Sunbelt four years ago gave him a "chance at a better life and to be in a calmer environment." He calls the move a better choice for his family, allowing him to be there for them.

In the UK, we work in partnership with British Forces Resettlement Services ('BFRS') – a social enterprise created to help the armed forces community with their transition into civilian life. BFRS works with service leavers to provide them with the skills and opportunities they need to successfully resettle after leaving the armed forces. The veterans programme is led by an ex-Royal Navy serviceman. We are also a strategic partner of the veterans' charity Walking With The Wounded, helping injured veterans to find meaningful work after their service.



CHARITIES

GARY SINISE FOUNDATION

We are thrilled to enter the seventh year of our partnership with the Gary Sinise Foundation, which honours America's defenders, military veterans, first responders, their families and those in need. The Foundation does this through the creation and implementation of unique programmes designed to entertain, educate, inspire, strengthen and build communities.

Our partnership focuses on supporting the Gary Sinise Foundation's R.I.S.E. ('Restoring Independence, Supporting Empowerment'), First Responders Outreach and Snowball Express programmes. Through these efforts, the Foundation builds 100% mortgage-free specially adapted custom smart homes for severely wounded heroes and their families, serves the children of fallen military heroes and aids critical funding for emergency relief, training and essential equipment for America's firefighters, police departments and EMTs, respectively. In 2021 we expanded our partnership focus to include the foundation's Avalon Network, a cognitive



GUMBRIAN CHALLENGE

Much of our community engagement and charity work was curtailed during the pandemic. Last year we still managed to enter eight teams in the Gumbrian Challenge sponsored walk to raise £12,000 for Walking With The Wounded. We were delighted to be able to enter 15 teams to this year's event.

health and mental wellness network that provides transformative care to veterans and first responders experiencing post-traumatic stress, traumatic brain injuries and substance abuse.

We supply the necessary equipment for each of the R.I.S.E. programme's projects to the contractors working on the home builds, at no charge. We also donate a portion of rental proceeds from co-branded Gary Sinise Foundation equipment and organise various localised fundraising efforts. This year, we contributed more than \$0.9m in monetary and in-kind equipment donations to the Foundation. Our goal is to bring heightened awareness to the Foundation's work through continued fundraising and outreach initiatives in an effort to help positively impact the lives of veterans, defenders, and first responders. This year we launched a national fundraising sweepstake with the chance to win a Ford Bronco, to raise further funds and awareness.

AMERICAN RED CROSS

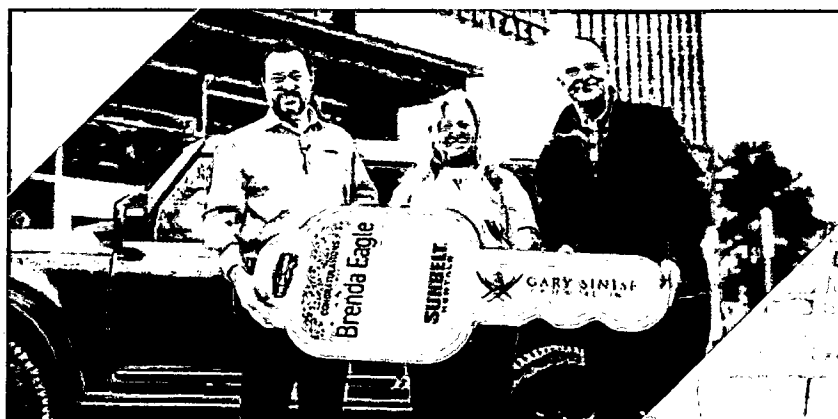
We continue to work closely with our designated charitable partners, the American Red Cross and its affiliates such as the Second Harvest Food Bank for which we have a food drive every November in the US. We allow employees to make payroll deductions to contribute to the American Red Cross or the Sunbelt Employee Relief Fund. On top of financial donations to the Red Cross, we send equipment and support to disaster-affected areas throughout the US to aid in relief efforts.

UK CHARITY PARTNERS

In the UK, we work regularly with a number of charities including The Prince's Trust, Teach First and CRASH. The Prince's Trust supports 11-30 year olds who are unemployed, struggling at school and at risk of exclusion, in or leaving care, facing issues such as homelessness or mental health problems, or who have been in trouble with the law.

Teach First recruits and trains teachers, placing them in schools in low-income communities. Not only are we providing valuable funding to Teach First, the charity's teachers and pupils in partner schools also have the chance to work with Sunbelt volunteers across our business.

CRASH is the construction industry's charity that helps homelessness and hospice organisations with their construction projects. 2022 represents the 12th year we have been a patron of the charity, with our expertise and products helping a number of homelessness and hospice projects.



GOVERNANCE



CORPORATE BEHAVIOUR

BUSINESS ETHICS

Our commitment to the highest ethical standards means that the Group Risk Committee works to ensure these are communicated and upheld throughout the business. We believe in the rights of individuals and take our responsibilities to all our employees seriously and those who may be affected by our activities. During the year we updated the Group's modern slavery and human trafficking policy, business ethics and conduct policy and ethical sourcing policy, all of which are available on the Group's website. These policies form part of our way of doing business and are embedded in our operations. They are also communicated directly to employees through dedicated communication and training programmes. While we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

ETHICS TRAINING

Senior employees across the Group receive regular business ethics training to ensure they are aware of their obligations and responsibilities with regard to competing fairly, the UK Bribery Act and, in the US, the Foreign Corrupt Practices Act. This takes place every two years in North America with 2022/23 being a year of training, while in the UK, it is undertaken annually. Completion of training is monitored and reported to the Group's Risk Committee. Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance incorporated into our employee handbooks and available on our intranet pages.

WHISTLE-BLOWING

Our whistle-blowing arrangements allow employees, in confidence, to raise concerns about any alleged improprieties they may encounter. This arrangement is now outsourced to a third-party provider in both North America and the UK allowing both phone and web intake.

SUPPLY CHAIN

As part of our ongoing business ethics work, we are reviewing the sustainability and diversity of our supply chain and will continue to prioritise this where possible. Enquiries of suppliers are made when we enter into supplier relationships and refreshed on an ad hoc basis depending upon the level of business we undertake with any supplier.

In the UK, the Group entered into a three-year partnership in 2020/21 with the Slave-Free Alliance in order to strengthen further the actions taken in relation to the risks of modern slavery. We have worked with the Slave-Free Alliance on addressing the risk of modern slavery in our supply chain and have also reviewed our stores. They have identified our traffic management business as needing particular scrutiny to ensure there are no issues there. This is because we have the highest number of operatives coming through that area, making it more transient in nature than the rest of the business. The alliance has done some spot checks, audits and hands-on training

with our teams to make sure we are on top of this issue. We are assessing whether this partnership may be broadened to encompass the Group's businesses in North America.

CYBER SECURITY

As the world continues to move online, accelerated due to the pandemic and increasingly connected technologies, at least in the short to medium-term, awareness, monitoring and adaptability to cyber security issues is ever more crucial for us. We are prioritising the monitoring of any potential cyber security vulnerabilities and working to ensure business continuity under all potential scenarios. Last year we held our fourth annual Information Security Awareness Month, with the theme of "Data Protection and You". While securing hardware is an important facet of information security, protecting the data on our assets is critical to our success. We launched encrypted email for all team members and a new Information Security SharePoint site is also now available for all team members. For more on cyber security risk, see page 36.

BEING A RESPONSIBLE BUSINESS

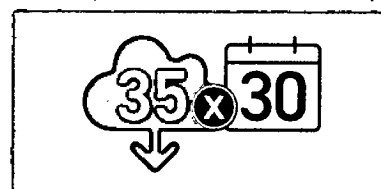
Our strategic plan, Sunbelt 3.0, has enabled us to embed responsibility within our strategy, with 'Lead with ESG' being one of the five actionable components of that strategic plan. By doing so, we will embrace responsible sustainability and success for our people, our customers, our communities and our investors; while unlocking the structural benefits that ESG will bring to rental across the Group.

As we have discussed earlier, we believe that rental is essential to environmental progress as it enables a more efficient use of assets across organisations. Within this report, we have set out some of our specific actions across each area of ESG. These examples are only a few of many ongoing activities across the Group and we will continue to challenge ourselves through investing in new ways of doing things, innovative use of technology and through working with our suppliers, customers and employees to develop new solutions.

These initiatives provide us with the confidence to lead with ESG through:

- ensuring a commitment to health and safety;
- enhancing our employee engagement and diversity, equity and inclusion;
- ensuring pay and benefits reflect our market-leading position;
- reducing our carbon intensity by 35% by 2030; and
- ensuring continued strong governance and stakeholder engagement.

This is the right thing to do for our stakeholders and will ensure the long-term sustainable success of the Group.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures ('TCFD') provides a disclosure framework for companies to explain how they are responding to the risks and opportunities arising from climate change. UK Listing Rules require premium listed companies to make disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures and, where they have not complied, provide an explanation including details of the steps being taken to ensure future compliance. Responding to the risks and opportunities arising from climate change is an integral part of our business and is embedded throughout the Group and discussed throughout this Annual Report. The statement below explains how the Group has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. It addresses all the disclosure requirements of the TCFD and links to additional information located elsewhere within the Annual Report.

GOVERNANCE

The Group's Board of directors is responsible for setting the Group's strategy, taking into account all relevant risks and opportunities, including those related to climate matters. The Group's rigorous risk management framework is designed to identify and assess the likelihood and consequences of risks and to manage the actions necessary to mitigate their impact, including those related to climate-related matters, and is detailed on pages 34 and 35.

The Group launched its latest strategic growth plan, Sunbelt 3.0, in April 2021 which included 'Lead with ESG' as a core actionable component, which incorporates climate-related considerations, including our commitment to reduce our Scope 1 and 2 carbon intensity. Further details as to how climate-related considerations are incorporated into the strategy are on page 28 and in our Responsible business report on page 65. The Board receives updates at each board meeting as to the Group's progress against our strategic goals, with a formal strategic review undertaken on an annual basis. In addition, ESG metrics have been embedded in the Group's remuneration arrangements through the Strategic Plan Award, launched in conjunction with Sunbelt 3.0, and overseen by the Remuneration Committee, as detailed on page 97.

The Board of directors is assisted in monitoring the success of our ESG initiatives through the work of the Group Risk Committee, which monitors the progress we make against our strategic ESG objectives and the targets we have set. The Group Risk Committee is chaired by our chief financial officer and reports formally to the Audit Committee on an annual basis.

One of the principal risks and opportunities faced by the business relates to environmental matters, including those contributing to climate change. On a day-to-day basis, the Group's response to climate-related risks and opportunities is led by Brendan Horgan, the Group's chief executive, and activities include working with suppliers and customers on developing and bringing more environmentally-friendly equipment options to market as discussed in more detail on page 37, directing the business in relation to reducing emissions through direct operations and approving associated capital expenditure plans.

Our actions across each of these areas are embedded within our operational activities across the business, supported by the Group's managing director of ESG and dedicated specialists in North America and the UK. An ESG operating committee, chaired by the Group's managing director of ESG and including representation from across the businesses, has been established to monitor progress of our ESG-related initiatives and performance against the targets we have set for ourselves. The results of the ESG operating committee's work are reported to the Group Risk Committee.

STRATEGY

Climate-related risks and opportunities

The Group undertook a material issues assessment to identify the significant risks and opportunities for the Group from an ESG perspective, the results of which are detailed on pages 54 and 55 within our Responsible business report. They are analysed into four key areas: our people; the environment; our communities; and governance. Climate-related matters fall within 'the environment' area and the Group believes climate-related matters represent significant opportunities as well as posing certain risks for the Group. The Group believes that its market position and financial strength brings it significant competitive advantage in responding to these risks and maximising the opportunities. Specifically, the Group has identified opportunities arising from the

development of new products and services which support the transition to a lower-carbon economy, the shift in customer preference from ownership to rental and the overall benefits to the environment as a whole which arise from sharing assets over their life cycle, described in more detail on page 28, Lead with ESG, and on pages 66 and 67 within the Responsible business report.

The Group considers the range of climate-related risks and opportunities over the short, medium and long-term. In assessing these time horizons, the Group has defined short-term as being over the next three years, medium-term as being three to five years and long-term being beyond five years. These risks and opportunities are factored into the Group's strategic planning.

We believe that the climate-related risks relevant to the Group are those associated primarily with transition risks rather than physical (acute and chronic) risks. Physical risks are mitigated by the diverse nature of the Group's operations. The Group operates from over 1,200 stores across the US (where we are present in all but three states), Canada (where we are present in six provinces) and the UK. Our largest store has c. \$125m of rental fleet at cost (c.1% of the Group's fleet) while c. 95% of our locations have less than \$50m of rental fleet at cost, the majority of which is out on rent at any particular time. As a result, no one store is material to the Group such that a natural disaster would have a significant impact on the Group's ability to operate.

Transition risks identified include regulation (current and emerging), technology, legal, market and reputational. The impact of these risks, the likely time horizon over which they may affect the business and the Group's response are considered on page 74.

Regulation (medium to long-term)

The Group monitors current and emerging regulation to ensure our policies and practices remain appropriate. Specific examples of current regulation which impacts the Group relate to ensuring our rental and vehicle fleet is compliant with engine emission standards such as the Californian Air Emissions Standards or the London Ultra-low Emission Zone requirements. We believe that regulation will increase over time and the potential of increased pricing of GHG emissions could lead to higher operating costs for the Group in the future.

Technology (medium to long-term)

A significant proportion of our fleet contains a diesel engine. While we will seek to replace these assets with assets using alternative fuel sources as they become available, this will take time. There are a lack of alternative assets available today and limited manufacturing capacity and so we expect any transition to happen gradually. We will seek to manage this transition in the same manner as we managed the transition from Tier 0 to Tier 4/5 diesel engines from 1994 to 2018. On average, we own assets for seven to eight years and therefore expect the full transition of our fleet will only occur over the longer-term. We are working closely with suppliers and customers to develop new technology, including investment in partners to assist in the development of battery and other technology. We also believe the development of Bio-diesel or other environmentally-friendly alternative fuels will provide an alternative to the reliance on diesel today.

Legal (short-term)

Legal compliance covers matters such as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Breaches potentially create litigation matters for the Group which may result in fines and penalties for non-compliance. The Group's Health, Safety

and Environmental departments and our Performance Standards operational audit teams continually assesses the Group's regulatory environmental compliance. These audits have a built-in corrective action process to ensure any identified non-compliance is addressed in a timely manner.

Market (medium to long-term)

Emerging market developments are monitored, using both third-party risk analysis, as well as internal views of emerging trends. Specifically, these market factors include changing customer requirements as a result of the environmental standards to which they operate to support their own low-carbon objectives and the shift from ownership to rental as customers opt to rent newer, more expensive technology than own it.

Reputational (short to long-term)

Breaches of environmental regulation potentially create hazards to our employees, damage to our reputation and expose the Group to, among other things, the cost of investigation and remediating contamination and also fines and penalties for non-compliance.

Management of the impact of these climate-related transition risks and opportunities forms part of the day-to-day operational activities of the Group and our

financial planning activities reflect the financial impacts and investments anticipated with examples of their activities provided within our Responsible business report on pages 66 and 67, such as our partnership with Bobcat and our investments in greener vehicles. Ultimately, the Group believes the opportunities presented by climate change significantly outweigh the risks to the Group.

Resilience of the organisation's strategy

The Group has a business model that is both resilient and adaptable to change. Furthermore, it benefits from a distributed operating structure such that it is not reliant on any particular location. The Group's strategy seeks to take advantage of these benefits of the business model, while recognising the risks inherent in the business and the environment in which we operate, whether that be economic factors, competitor actions, cyber threats or environmental considerations such as climate change. We discuss our thinking on climate-related matters on a regular basis assessing how changes may affect the business and how the business would respond. While we consider a wide range of scenarios we have outlined our thinking under two climate scenarios, an increase in average temperatures by 2°C or less and then if the average increase were 4°C.

In a 2°C or less scenario, we believe that the risks and opportunities faced by the Group will be related principally to transition risks (e.g. the application of policy or regulatory initiatives including increased pricing of GHG emissions, changes in technology and changes in customer preferences). In this scenario, as we, our suppliers and our customers look to reduce GHG emissions, we are likely to face increasing costs whether that be through increased cost of our rental fleet or the cost associated with the pricing of GHG emissions. While we believe these factors will crystallise over the medium to longer-term as new technologies develop, we are working with our suppliers and other parties to advance these technologies, an example of which is discussed on page 64. In the near to medium-term, the availability of new technology will be constrained by production capacity and we would expect to transition our rental fleet to the latest technology gradually as we replace c. 15% of our rental fleet every year. We believe that increased costs and complexity will provide additional impetus to the shift from



ownership to rental, increasing our addressable market. We expect rental and transportation rates to reflect the increased cost of rental and transportation equipment, enabling us to maintain similar levels of dollar utilisation and therefore returns. We expect to continue to dispose of old rental fleet in the used equipment market, replacing other organisations' older, less environmentally-friendly equipment.

In a 4°C scenario, in addition to the transition risks discussed above, we would expect to see an increase in physical risks (e.g. increased instances of extreme weather events, rising mean temperatures and rising sea levels). As discussed above, the diversified nature of the Group's operations means that no location is material to the Group, mitigating the immediate impact of physical risks on our operations and enabling us to plan for the longer-term. In a 4°C scenario, there is an increased likelihood of more extreme weather events such as flooding, wildfires, hurricanes and other natural disasters, which cause damage and require clean-up and support which we are able to provide through our highly experienced Emergency Response Team.

In any scenario, the speed of the transition of assets will be constrained by the availability of new technologies and manufacturing capacity. Given our partnership with key suppliers and our regular replacement cycle, we expect to be able to transition our fleet more quickly than many other organisations. These discussions and considerations are factored into our routine financial planning activities – for example, through our capital allocation decisions.

RISK MANAGEMENT

The process for identifying, assessing and managing climate-related risks is the same as for all the risks faced by the Group and is described on pages 34 and 35. The Board has overall responsibility for risk management, setting risk appetite and implementation of the risk management policy – this includes responsibility for climate-related risks. This approach is designed to enable the Group to take advantage of attractive opportunities, yet to do so within the risk appetite of the Board, mindful of risks which have been identified and any emerging risks which may impact the Group. The Group's Risk Committee monitors the actions taken across the Group to manage the Group's risk and ensure that adequate assurance is obtained over them.



In addition, the Group's Risk Committee ensures that risks have been appropriately assessed in relation to risk rating.

METRICS AND TARGETS

Our KPI associated with environmental risk is that of carbon intensity for our Scope 1 and 2 GHG emissions. The basis and rationale for this KPI and our performance in the current year and progress over the prior years is on pages 33, 65 and 66. The target for the Group is to reduce our carbon intensity 35% by 2030 from the level in 2018 (54.0 tCO₂e/\$m on a constant currency basis), with a shorter-term target to reduce our carbon intensity 15% by 2024 from the level in 2018.

In order to achieve this target, we established a roadmap covering:

- near-term, including greener vehicle transition and route optimisation / dynamic telematics;
- medium-term, including making step changes on vehicle procurement and renewal energy generation; and
- long-term, including migration to alternative energy sources for the Group.

Across various areas, we are working with our key suppliers to ensure progress in each of the areas identified.

Our carbon intensity KPI, specifically delivering a carbon intensity reduction of 15% by 2024, forms part of the Group's remuneration arrangements as one of the performance measures for the Group's Strategic Plan Award, which is linked directly to the objectives underpinning the Group's Sunbelt 3.0 strategy.

In addition, as part of our ongoing focus on the environmental impact of the Group more broadly, we are in the process of developing metrics and targets to monitor and measure our impact in relation to waste to landfill and water usage so as to assist us in measuring our progress in these areas.

Greenhouse gas (GHG) emissions

Our Scope 1 and 2 GHG emissions are disclosed on pages 65 and 66 of this report and have been determined in line with the GHG Protocol methodology.

We are working with The Carbon Trust to estimate the Group's Scope 3 emissions and understand how these will evolve going forward. The most significant components of our Scope 3 emissions relate to our customers' use of our assets during the rental period and the use of sold product (principally the use of used equipment after our ownership). Measuring Scope 3 emissions involves a significant application of judgement, in particular in relation to the use of sold assets when we dispose of rental assets to the used equipment market and end of life treatment of these assets. Accordingly, our Scope 3 emissions will always be subject to a significant degree of estimation uncertainty.

5. DYNAMIC CAPITAL ALLOCATION

DYNAMIC CAPITAL ALLOCATION

The strength of our balance sheet is a key competitive advantage, enabling us to deliver financial security and investment for growth at all times. Last year we made our debut in the investment grade debt market through a dual tranche notes issue of \$1.3bn at an average cost of just over 2%. We used this to refinance \$1.2bn of notes with an average cost of 4.7%, resulting in an annual interest saving of \$30m. We are always thinking ahead about how we can best finance growth while cushioning ourselves from any market instability. This investment grade bond issue, a first in our industry, marks a new juncture in our ongoing dynamic capital allocation strategy.



OUR STRATEGY

5

Consistent application of our capital allocation policy to optimise capital deployment for the benefit of all stakeholders.

2022 HIGHLIGHTS

CAPITAL EXPENDITURE OF \$2.4BN

**\$1.3BN SPENT ON BOLT-ON ACQUISITIONS,
WITH 35 LOCATIONS ADDED**

**PROPOSED FINAL DIVIDEND OF 67.5¢,
MAKING 80.0¢ FOR THE YEAR**

**\$414M ALLOCATED TO SHARE BUYBACKS
IN THE YEAR**

**LEVERAGE AT 1.5X NET DEBT TO EBITDA,
EXCLUDING IFRS 16**



80.0¢

proposed full year dividend
per share (2021: 58.0¢)



1.5x

leverage (2021: 1.4x)



NON-FINANCIAL INFORMATION STATEMENT

The non-financial reporting regulations in section 414CA and 414CB of the Companies Act 2006 require the disclosure of specific information relating to environmental matters, the Company's employees, social matters, respect for human rights and anti-corruption and anti-bribery matters, a summary of which is set out below.

ENVIRONMENTAL MATTERS

We seek to minimise the environmental impact of everything we do. In addition, our commitment to improving energy performance is intended to reduce our impact on the environment and could deliver significant cost savings over time.

Further details of our policies, including disclosure of carbon emission and energy usage data, is provided on pages 64 to 67. Our approach to responding to the risks and opportunities arising from climate change are summarised in our TCFD statement on pages 73 to 75.

Related principal risks: see 'environmental' risk on page 37.

EMPLOYEES

Our employee policies are designed to ensure that we hire the best people, train them well and look after them so that they provide the best possible service for our customers and suppliers. Furthermore, health and safety policies are core to our operations as we need to provide equipment which is safe to use and minimises any risk to our people.

Specific policies provide equal opportunities to all of our staff and ensure that we maintain an inclusive culture. Employee policies are available to all employees through the employee handbooks and on our employee intranet.

Further details of our policies, including details on our safety programmes, training and recruitment activities, is provided on pages 56 to 63.

Related principal risks: see 'people and culture' risk on page 37.

SOCIAL MATTERS

Playing a big role in our local communities is of crucial importance to our business. As we expand our market share, particularly in the US and Canada, we have ever more impact and influence over the communities where we hire staff and make an economic contribution. Our responsibility to those communities increases likewise. The Group has policies to support employee volunteering for programmes which positively impact our communities.

Further details of our contribution to society is provided on pages 68 to 71.

Related principal risks: while social matters are not considered a principal risk to the Group, we believe there is an important link between social matters and the risk identified in relation to our people and culture as outlined on page 37.

HUMAN RIGHTS

At Ashtead we believe in the rights of individuals and take our responsibilities seriously to all our employees and those who may be affected by our activities. We have policies addressing modern slavery and human trafficking, business ethics and conduct, ethical sourcing and whistle-blowing procedures, all of which protect our employees as they go about their work. These policies form part of our way of doing business and are embedded

in our operations. Thus, while we do not manage human rights matters separately, we continue to assess potential risks and do not believe they raise particular issues for the business.

Further details of our policies are provided on page 72. Our business ethics and conduct policy, modern slavery and human trafficking policy and modern slavery and human trafficking statement are available on our website.

Related principal risks: see 'laws and regulations' risk on page 38.

ANTI-CORRUPTION AND ANTI-BRIBERY

Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance included in employee handbooks and available on our employee intranet.

Further details of our policies, including details on training required to be undertaken by our employees, is provided on page 72.

Related principal risks: see 'laws and regulations' risk on page 38.

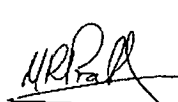
In addition, information required in relation to the Group's business model, principal risks, including those which relate to the matters above, and key performance indicators are provided on pages 16 to 21 and pages 34 to 39 of the Annual Report.

APPROVAL OF THE STRATEGIC REPORT

The Strategic report set out on pages 1 to 78 was approved by the Board on 13 June 2022 and has been signed on its behalf by:



BRENDAN HORGAN
Chief executive
13 June 2022



MICHAEL PRATT
Chief financial officer
13 June 2022

DIRECTORS' REPORT

CONTENTS

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CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE



As chair, it is my role to ensure that the governance regime remains appropriately robust and that the Board operates effectively. I am, therefore, pleased to introduce the corporate governance report for 2021/22. This report details the matters addressed by the Board and its committees during the year.

Areas of Board focus

The Board has played an active role in the Group's delivery against its strategic objectives, further details of which are set out within the Strategic review. In addition, the Board has invested significant time over the last year in reviewing and assessing:

- the effectiveness of our capital structure and capital allocation priorities;
- our operating model and structure to ensure they remain fit for purpose as the business grows and markets change;
- the effectiveness of our health and safety practices and identifying areas for improvement;
- our key management resource to ensure it remains motivated and appropriately rewarded;
- succession planning and ongoing senior recruitment;
- the importance of good corporate governance in the long-term sustainable success of a company; and
- our cyber security policies and procedures to ensure they remain fit for purpose.

Compliance

We endeavour to monitor and comply with ongoing changes in corporate governance and evolving best practice in this area. I am pleased to report that the Company has complied in full throughout the year with the provisions set out in the Code, issued by the Financial Reporting Council ('FRC') and available to view at www.frc.org.uk. A summary of how we have applied the principles set out in the Code is presented in the table opposite. In addition, I can confirm this report provides a fair, balanced and understandable view of the Group's position and prospects.

PAUL WALKER
Chair

STRONG CORPORATE GOVERNANCE

DEAR SHAREHOLDER

The Group has shown great resilience over the last two years and despite the challenges of the pandemic, the business has emerged stronger than before and better equipped for future challenges. In managing through this period, the Board continues to consider all the Group's stakeholders and seeks to take actions that support the Group's overall purpose of providing a reliable alternative to ownership for our customers whilst providing sustainable returns to all of our stakeholders. I believe that our Sunbelt 3.0 strategy, underpinned by our culture, will continue to drive the development and growth of the Group in the years to come.

We recognise that good governance is essential in promoting the success of the business for the benefit of its members as a whole and that our governance environment is underpinned by the culture of our Group, led by the 'tone from the top' of the organisation through the actions of the Board and senior leadership teams.

Ensuring a robust corporate governance environment is key in supporting the delivery of our strategy and as such, it is crucial that our governance structures keep pace with changes in the Group so that we can ensure our development and growth is both responsible and sustainable. We need to manage our risks efficiently and ensure transparency across the business. I am confident that your Board is well placed to do that and we remain committed to maintaining the highest standards of governance.

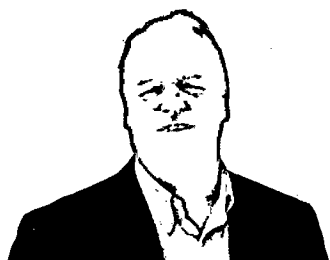
The Board believes that diversity across the Group and at Board level encourages a range of views in developing and implementing the Group's strategy and supports the growth of the business. As commented upon elsewhere, I am very proud of the work done so far to encompass diversity, equity and inclusion at all levels of the organisation.

THE 2018 UK CORPORATE GOVERNANCE CODE

The governance section has been set out to illustrate how we have applied the principles of the Code together with information contained elsewhere in the Annual Report. Further information can be found as follows:

Board leadership and company purpose	Further information
A. Effective and entrepreneurial board	Pages 84 and 85
B. Purpose, values and culture	Page 84
C. Board framework and resources	Page 88
D. Board engagement with stakeholders	Page 85
E. Workforce policies and practices	Page 85
Division of responsibilities	
F. Board roles	Page 86
G. Division of responsibilities	Pages 86 and 87
H. Commitment to the Board	Page 88
I. Operation of the Board	Page 88
Composition, succession and evaluation	
J. Appointments to the Board	Pages 88 and 89
K. Board skills, experience and knowledge	Page 89
L. Board evaluation of effectiveness	Page 89
Audit, risk and internal control	
M. Independence and effectiveness of internal and external audit Integrity of financial and narrative statements	Pages 93 and 95
N. Fair, balanced and understandable assessment	Page 94
O. Internal control framework and risk management	Pages 89 and 90
Remuneration	
P. Remuneration designed to support purpose and strategy	Pages 97 and 98
Q. Remuneration policy	Page 99
R. Remuneration outcomes	Page 97

OUR BOARD OF DIRECTORS



[1]



[2]



[3]



[4]

1. PAUL WALKER, 65 NON-EXECUTIVE CHAIR

N F

Appointed to Board
July 2018

Appointment to current role
Paul Walker was appointed as a non-executive director in July 2018 and non-executive chair in September 2018.

Skills
Paul spent 16 years as chief executive officer of The Sage Group plc ('Sage'), giving him a deep insight of the challenges of running a global business. He has a strong financial background and high-level non-executive experience, which adds to the Board's strength.

Experience
Paul's roles at Sage included chief executive officer, finance director and financial controller. He has also been non-executive director at Diageo plc, Experian plc, Halma plc, Sophos Group plc and MyTravel Group plc.

Qualifications
– Graduated in economics from York University
– Chartered accountant (UK)

Other roles
Non-executive chair of RELX plc.

Nationality
British

2. BRENDAN HORGAN, 48 CHIEF EXECUTIVE

F

Appointed to Board
January 2011

Appointment to current role
Brendan Horgan was appointed as chief executive in May 2019, having served as chief operating officer of the Group since January 2018 and as the chief executive of Sunbelt US and a director since January 2011.

Skills
Brendan has worked in the business for more than 25 years and has a detailed knowledge of the operations and brings strong leadership and management skills to his role.

Experience
Brendan joined Sunbelt in 1996 and has held a number of senior management positions including chief sales officer and chief operating officer.

Qualifications
– Graduated in business from Radford University

Other roles
None

Nationality
American

3. MICHAEL PRATT, 58 CHIEF FINANCIAL OFFICER

F G

Appointed to Board
April 2018

Appointment to current role
Michael Pratt was appointed as chief financial officer in April 2018.

Skills
Michael is a qualified accountant with 18 years' experience with Ashtead within finance roles giving him a detailed understanding of the Group's business. He has played a key role in defining the Group's capital structure.

Experience
Michael was deputy group finance director and group treasurer from 2012 having joined the Group from PwC in 2003.

Qualifications
– Graduated in civil engineering from the University of Birmingham.
– Chartered accountant (UK)

Other roles
None

Nationality
British

4. ANGUS COCKBURN, 59 SENIOR INDEPENDENT DIRECTOR

A N R

Appointed to Board
October 2018

Appointment to current role
Angus Cockburn was appointed as a non-executive director in October 2018 and as senior independent non-executive director in January 2019.

Skills
Angus brings knowledge of the rental market and specialty businesses, along with a good understanding of the associated strategic and financial issues of operating an international business with a substantial North American presence.

Experience
Angus was chief financial officer of Serco Group plc between October 2014 and April 2021. He has also been a non-executive director of GKN plc and Howden Joinery Group plc, as well as chief financial officer and interim chief executive of Aggreko plc.

Qualifications
– Graduated in Business Studies and Accounting from the University of Edinburgh and an MBA from IMD Business School
– Chartered accountant (UK)

Other roles
Non-executive chair of James Fisher and Sons plc and non-executive director of Securities Trust of Scotland plc and Edrington Group Limited.

Nationality
British

Committee membership

A Audit

N Nomination

R Remuneration

F Finance and Administration

G Group Risk

□ Denotes chair



5

5. JILL EASTERBROOK, 51 **A N R**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
January 2020

Appointment to current role
Jill Easterbrook was appointed as a non-executive director in January 2020.

Skills
Jill brings strong digital experience within retail environments to the Board.

Experience
Jill was previously the chief executive officer of JP Boden & Co and formerly held a number of senior positions with Tesco PLC.

Qualifications
– Graduated in economics from Leeds University

Other roles
Non-executive director of Auto Trader plc and UP Global Sourcing Holdings plc. Non-executive chair of Headland Consultancy.

Nationality
British



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6. TANYA FRATTO, 61 **A N R**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
July 2016

Appointment to current role
Tanya Fratto was appointed as a non-executive director in July 2016.

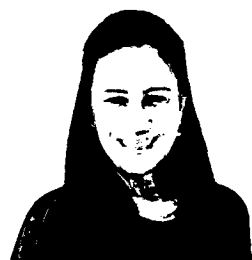
Skills
Tanya has wide experience in product innovation, sales and marketing and engineering in a range of sectors and has extensive knowledge of operating in the US.

Experience
Tanya enjoyed a 20-year career with General Electric where she ran a number of businesses.

Qualifications
– Graduated in electrical engineering from the University of South Alabama

Other roles
Non-executive director of Smiths Group plc and Advanced Drainage Systems Inc..

Nationality
American



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8. LUCINDA RICHES, 60 **A N R**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
June 2016

Appointment to current role
Lucinda Riches was appointed as a non-executive director in June 2016.

Skills
Lucinda has extensive investment banking and capital markets experience.

Experience
Lucinda was formerly global head of Equity Capital Markets and a member of the board of UBS Investment Bank. She has held a range of non-executive roles with public companies.

Qualifications
– Graduated in philosophy, politics and economics from Oxford University and a Masters in political science from the University of Pennsylvania

Other roles
Non-executive director of ICG Enterprise Trust Plc, Greencoat UK Wind Plc and non-executive chair of Peel Hunt Limited.

Nationality
British



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9. LINDSLEY RUTH, 51 **A N R**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
May 2019

Appointment to current role
Lindsley Ruth was appointed as a non-executive director in May 2019.

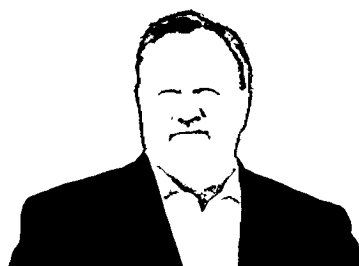
Skills
Lindsley brings extensive knowledge of our end markets to the Board, particularly North America.

Experience
Lindsley is chief executive officer of RS Group plc where he was appointed in April 2015. He has also held senior positions with TTI Inc. and Selectron Corporation.

Qualifications
– Graduated in engineering from Texas A&M University

Other roles
Chief executive officer of RS Group plc and is a member of the CBI's International Trade Council.

Nationality
American



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7. RENATA RIBEIRO, 50 **A N R**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to Board
January 2022

Appointment to current role
Renata Ribeiro was appointed as a non-executive director in January 2022.

Skills
Renata brings strong commercial and digital experience to the Board.

Experience
Renata is currently Senior Vice President, Operations Strategy for Carnival Corporation & plc ('Carnival') where she has worked since 2008.

Qualifications
– Graduated in business administration from Fundação Getúlio Vargas, São Paulo and an MBA in business administration from Wake Forest University

Other roles
Senior Vice President, Operations Strategy for Carnival Corporation & plc.

Nationality
Brazilian and American

Details of the directors' contracts, emoluments and share interests can be found in the Directors' remuneration report.

CORPORATE GOVERNANCE REPORT

BOARD LEADERSHIP AND COMPANY PURPOSE

Role of the Board

The Board is responsible for setting the Group's strategy and ensuring the necessary resources and capabilities are in place to deliver its strategic aims and objectives. It determines the Group's key policies and reviews management and financial performance. The Group's governance framework is designed to facilitate a combination of effective, entrepreneurial and prudent management of the business.

The Group's risk management framework, as detailed on pages 34 and 35, ensures that the Board considers risks on an ongoing basis and that it reviews formally the Group's Risk Register on an annual basis including consideration of emerging risks.

The Group's key performance indicators, as detailed on pages 32 and 33, also enable the Board to have visibility as to the progress the Group is making against our strategic priorities.

Company purpose, values and culture

One of the primary responsibilities of the Board is to ensure that the Group delivers against its purpose, which is "to provide a reliable alternative to ownership for our customers across a wide range of applications and markets."

In setting, reviewing and ensuring the implementation of the Group's strategy, the Board ensures that the objectives of our purpose are met while taking into account risks and opportunities facing the Group. These activities are underpinned by the Group's values and culture. We believe that there are four key cornerstones of our culture which drive the success of our Group: a priority on safety; ensuring the best levels of customer service; working in partnership with our customers, suppliers and communities to make it happen; and being innovative in our approach both in relation to products and markets.

The Board is responsible for the culture of the Group, with its role being to influence and monitor culture to ensure that our policy, practices and behaviour throughout our entire organisation are aligned with the Group's purpose, values and strategy. Where issues are identified, it is the Board's responsibility to ensure corrective action is taken.

During the year, the Board has monitored culture in a number of ways, including:

- receiving health and safety statistics at all Board meetings, together with regular updates on the Group's activities to enhance further the culture of safety within the business;
- through the Group's employee engagement activities including employee surveys, feedback on the Group's diversity, equity and inclusion programmes and attending the North American senior leadership meeting held in Dallas in April 2022, further details of which are provided on page 43;
- monitoring findings from the Group's external audit, internal audit and performance standards functions;

- receiving regular updates on whistle-blowing matters; and
- reviewing key policies including the annual updates to the Group's business ethics and conduct policy.

Summary of the Board's work during the year

At each board meeting, the Board receives:

- a report from the chief executive providing an update on strategic, operational, business development and health and safety matters, supported by reports from the businesses;
- a report from the chief financial officer on the financial performance and position of the Group, including treasury matters; and
- an update from the committees of the Board on matters discussed at their meetings.

THE PRINCIPAL MATTERS CONSIDERED BY THE BOARD DURING 2021/22 WERE:

Strategic and financial review	Further information
Review of Group performance	See Strategic review on pages 8 to 10 and Financial review on pages 45 to 51
Review of health and safety	See health and safety review on pages 56 to 58
Response to the COVID-19 pandemic	
Review of the strategic plan	See pages 22 to 29
Review of the Group's succession plans	See page 96
Review of M&A opportunities	Acquisitions completed in year detailed in Note 27 of the financial statements
Review of the Group's share buyback programme	See page 29
Received updates on the Group's diversity, equity and inclusion initiatives	See pages 61 and 62
Review and approval of the Group's Modern Slavery Act statement and related policies	See www.ashtead-group.com
Risks	
Ongoing monitoring of risks	See pages 34 to 39
Received updates from Group Risk Committee	See page 34
Completed formal annual review of Group's Risk Register	See page 34
Completed annual insurance review	See page 49
Governance	
Shareholder analysis	
Review of feedback from shareholders and analysts	
Shareholder engagement following AGM	See page 97
Reports from committees	
Review of results announcements	All results announcements available on the Group's website
Board evaluation undertaken	See page 89

Engagement with our stakeholders

An overview of the nature and extent of our engagement with stakeholders is provided on pages 42 and 43 of the Strategic report. In relation to the Board's activities, these are discussed below.

Workforce engagement

The Group employs c. 22,000 individuals in North America and Europe and as such, ensuring efficient, two-way workforce engagement is critical to the success of the business. Our workforce is central to the decisions the Board makes in relation to our employment policies, our culture and our strategy.

We considered the methods of workforce engagement proposed under the Code in conjunction with our existing methods of engagement. Given the nature and extent of our workforce and its geographical distribution across a large number of locations, we concluded that no single method of engagement was suitable to ensure that we engaged appropriately across the entire workforce. Instead we believe that a combination of methods of engagement is appropriate, consistent with the approach we have taken previously, including:

- employee surveys – the Board received updates on the actions taken as a result of and feedback from employee surveys, including our first formal North American survey. This year's UK survey was undertaken in April, with improved participation and engagement and the North American one is in process;
- annual strategic review – in October 2021 and April 2022, senior North American and UK employees attended the strategy review meetings providing the Board with the opportunity to meet individuals and discuss the business and strategic initiatives in detail;
- 'town hall' events – throughout the year, virtual 'town hall' events were held which provide employees with the opportunity to be briefed on the latest developments by executive management across the business and raise any questions or concerns; and
- senior leadership meeting – in April 2022, the Board attended the North American senior leadership meeting in Dallas with c. 400 of our North American team together with the executive leadership team of the UK business. The event included a mixture of all-staff talks and branch visits, with the opportunity for team members to learn about the investments being made across the business to support the Group's strategic goals.

In addition, a rolling programme of presentations from management across the Group, on a range of topics, ensures the Board has exposure to different employees and business functions during the year.

Engagement with our customer and suppliers

We have a range of key customer and supplier stakeholders which the Board considers when taking important decisions. Engaging with these stakeholders is therefore critical to the Group and a key priority of the Board, and is achieved through a variety of means.

Details of our engagement with our customers and suppliers is provided in the Strategic report on pages 42 and 43, the Responsible business report on pages 58 and 72 and throughout this Corporate governance report. The Board receives regular updates from management detailing feedback from customers and suppliers through Board reports and presentations and through strategic updates.

Engagement with our communities

We seek to make a positive contribution to the communities in which we operate, both through our economic impact but also as a result of our community initiatives and the way in which we are involved in our communities and the support we can provide in a time of need. Accordingly, it is important that the Board considers our communities in developing and implementing our strategy.

Details of our engagement with communities is provided in the Strategic report on pages 42 and 43 and within the Responsible business report on pages 68 to 71.

Dialogue with shareholders

We engage actively with analysts and investors and are open and transparent in our communications. This enables us to understand what analysts and investors think about our strategy and performance as we drive the business forward. The Board is updated regularly on the views of shareholders through briefings and reports from those who have had interaction with shareholders including the directors and the Company's brokers.

Regular dialogue is maintained with analysts and investors through telephone calls, meetings, presentations,

conferences and ad hoc events. During the year, senior management conducted over 450 virtual and in person meetings and calls and attended four virtual and in person conferences, with investors across all geographies. This included regular interaction with private investors who often contact the Group with questions.

The chair and the senior independent non-executive director are available to meet institutional shareholders to discuss any issues or concerns in relation to the Group's governance and strategy. This year, the chair and chair of the Remuneration Committee undertook an extensive consultation with our major shareholders on the proposed changes to the Remuneration policy. Shareholders expressed a range of views and certain proposals were amended as a result of the feedback received. Following the approval of the policy at the Annual General Meeting, the Company continued to engage with shareholders, inviting shareholders owning almost 50% of the Company to meet with the chair. Further details are provided in the Remuneration report.

The Group's results and other news releases are published via the London Stock Exchange's Regulatory News Service. In addition, these news releases are published in the Investor Relations section of the Group's website at www.ashtead-group.com. Shareholders and other interested parties can subscribe to receive these news updates by email through registering online via the website. In addition, all results and capital markets presentations are webcast live (and for playback) on the website for shareholders, analysts, employees and other interested stakeholders who are unable to attend in person.

Dialogue with shareholders

JUNE 2021	SEPTEMBER 2021	DECEMBER 2021	MARCH 2022
<ul style="list-style-type: none"> - Annual results announcement and presentation - Bondholder call - Investor roadshow following annual results presentation 	<ul style="list-style-type: none"> - First quarter results announcement and presentation - Bondholder call - Annual General Meeting - Conference calls with investors following Q1 results 	<ul style="list-style-type: none"> - Half-year results announcement and presentation - Bondholder call - Investor roadshow following half-year results presentation 	<ul style="list-style-type: none"> - Third quarter results announcement and presentation - Bondholder call - Conference calls with investors following Q3 results

The Annual General Meeting

The 2022 AGM will be held in London on Tuesday, 6 September 2022. An update on first quarter trading will be provided during the meeting.

We continue to recognise the importance of ongoing engagement with our shareholders who will be encouraged to raise questions on the business at the AGM. Shareholders are encouraged to submit questions in advance of the meeting via our website (www.ashtead-group.com) and where appropriate we will provide written answers to questions and will publish answers to frequently asked questions on the website.

All resolutions at the AGM will be put to a vote on a poll, rather than being decided on a show of hands. The Board believes that this results in a more accurate reflection of the views of shareholders and ensures that their votes are recognised whether or not they are able to attend the meeting. On a poll, each shareholder has one vote for every share held. The results of the voting on the resolutions will be announced to the London Stock Exchange and published on our website as soon as possible after the conclusion of the meeting. Notice of the AGM will be sent to shareholders at least 20 working days before the meeting.

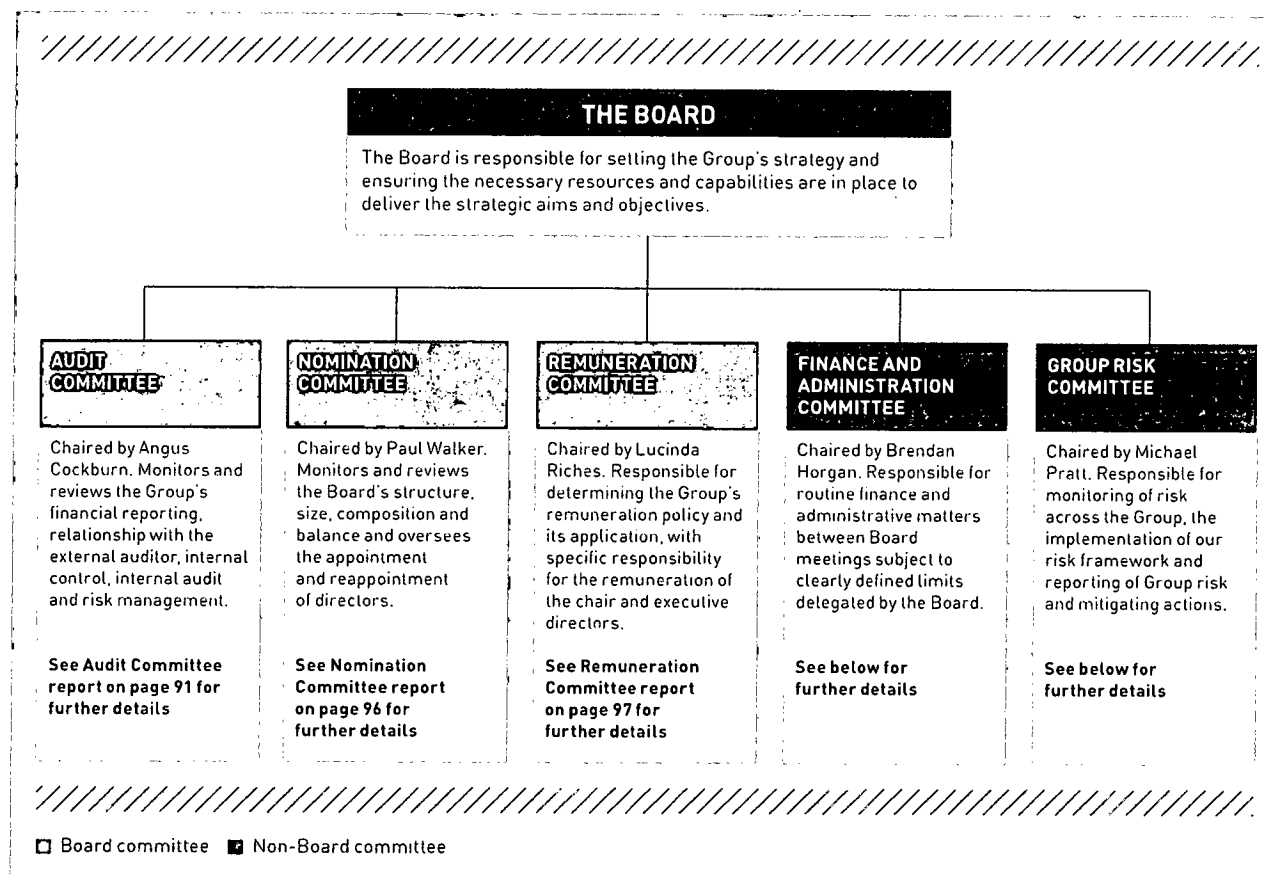
DIVISION OF RESPONSIBILITIES

Board roles and division of responsibilities

An appropriate division of responsibilities between Board members is critical in delivering the Group's strategic objectives. A key element in delivering this is a strong working relationship between the directors and, in particular, the chair, chief executive and chief financial officer.

A summary of the roles of the Board members are set out below:

Chair	Paul Walker	Responsible for leadership of the Board and acts as a sounding board for the chief executive. Agrees Board agendas and ensures its effectiveness by requiring the provision of timely, accurate and clear information on all aspects of the Group's business, to enable the Board to take sound decisions and promote the success of the business.
Chief executive	Brendan Horgan	Responsible for developing the strategy for the business, in conjunction with the Board, ensuring it is implemented, and the operational management of the business.
Chief financial officer	Michael Pratt	Supports the chief executive in developing and implementing the strategy and is responsible for the reporting of the financial and operational performance of the business.
Senior independent non-executive director	Angus Cockburn	Provides a sounding board for the chair and is available to shareholders, if they have reason for concern that contact through the normal channels of chair or chief executive has failed to resolve.
Independent non-executive directors	Jill Easterbrook Tanya Fratto Renata Ribeiro Lucinda Riches Lindsley Ruth	Provide a constructive contribution to the Board by providing objective challenge and critique for executive management based on insights drawn from their broad experience.



The Board and its committees

Delegated authority

There is a schedule of matters reserved for the Board for decision while other matters are delegated to Board committees. Matters reserved for the Board include:

- treasury policy;
- acquisitions and disposals;
- appointment and removal of directors or the company secretary;
- appointment and removal of the auditor;
- approval of the annual accounts and the quarterly financial reports to shareholders;
- approval of the annual budget;
- approval of the issue of shares and debentures;
- the setting of dividend policy; and
- the buyback of shares.

Board committees

The Board has standing Audit, Nomination and Remuneration Committees. The membership, roles and activities of the Audit and Nomination Committees are detailed on pages 91 to 96 and the Remuneration Committee in the report on pages 97 to 116. Each committee reports to, and has its terms of reference agreed by, the Board. The terms of reference of these committees are available on our website.

Finance and Administration Committee

The Finance and Administration Committee comprises Brendan Horgan (chair), Michael Pratt and Paul Walker. The Board of directors has delegated authority to this committee to deal with routine financial and administrative matters between Board meetings. The Committee meets as necessary to perform its role and has a quorum requirement of two members with certain matters requiring the participation of the chair, including, for example, the approval of material announcements to the London Stock Exchange.

Group Risk Committee

The Group Risk Committee is chaired by Michael Pratt and comprises representatives from Sunbelt in North America and the UK, as well as the Group's managing director of ESG and Group general counsel. The work of the Group Risk Committee is supported by the Risk Committees of Sunbelt in North America and the UK, which meet regularly to ensure continued focus on risks and mitigating actions. Further details of the work of the Group Risk Committee are provided in the Responsible business report on page 55.

CORPORATE GOVERNANCE REPORT CONTINUED

Commitment to the Board

As part of the appointment process, prospective directors are required to confirm that they will be able to devote sufficient time to the Company to discharge their responsibilities effectively. Furthermore, all directors are required to inform the Company of changes in their commitments to ensure that they continue to be able to devote sufficient time to the Company.

Operation of the Board

The principal activities of the Board are conducted at regular scheduled meetings of the Board and its committees. The Board normally meets six times a year, with at least two of these meetings being held in North America. Notwithstanding the difficulties imposed by the pandemic, the scheduled Board and committee meetings for the year went ahead as planned with the aid of video conferencing. The Board and its committees successfully conducted all its routine and non-routine business throughout the year. Additional ad hoc meetings and calls are arranged outside the scheduled meetings to take decisions or receive updates as required.

The chair and chief executive maintain regular contact with the other directors to discuss matters relating to the Group and the Board receives regular reports and briefings to ensure the directors are

suitably briefed to fulfil their roles. Additionally, detailed management accounts are sent monthly to all Board members and, in advance of all Board meetings, an agenda and appropriate documentation in respect of each item to be discussed is circulated.

The company secretary is responsible for ensuring compliance with board and committee procedures and advising the Board on all governance-related matters. The company secretary also supports the chair in the delivery of information to directors in advance of board and committee meetings and acts as a key point of contact for the chair and non-executive directors.

Each director has access to the company secretary and is able to seek independent advice at the Company's expense.

The appointment and removal of the company secretary is a matter reserved for the Board.

COMPOSITION, SUCCESSION AND EVALUATION

Composition of the Board

The Company's Board comprises the chair, the chief executive, the chief financial officer, the senior independent non-executive director and five other independent non-executive directors.

Each member of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Short biographies of the directors are given on pages 82 and 83 detailing the skills, experience and knowledge of each of the Board members. The directors are of the view that the Board and its committees consist of directors with the appropriate balance of skills, experience, independence and knowledge of the Group to discharge their duties and responsibilities effectively.

Maintaining the appropriate mixture of skills, experience and knowledge is important to the Board, including ensuring that we address issues of diversity in terms of skills, gender, ethnicity and experience relevant to our business. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board on any changes required. During the prior year the Nomination Committee reviewed the composition of the Board in the context of the Group's new strategy, Sunbelt 3.0. As a result, during the year it completed a search for an additional non-executive director to complement the experience of the Board, while being mindful of the recommendations of the Parker review.

Details of the work of the Nomination Committee in relation to the composition of the Board are provided in the Nomination Committee report on page 96.

BOARD ATTENDANCE TABLE

	Board	Audit	Nomination	Remuneration
Chair				
Paul Walker	7/7	- ¹	2/2	-
Executive				
Brendan Horgan	7/7	- ¹	-	-
Michael Pratt	7/7	- ¹	-	-
Non-executive				
Angus Cockburn	7/7	6/6	2/2	5/5
Jill Easterbrook	7/7	6/6	2/2	5/5
Tanya Fratto ²	6/7	5/6	2/2	4/5
Renata Ribeiro ³	2/2	2/2	-	2/2
Lindsley Ruth	7/7	6/6	2/2	5/5
Lucinda Riches	7/7	6/6	2/2	5/5

- While not members of the Audit Committee, Paul Walker, Brendan Horgan and Michael Pratt attended all meetings during the year.
- Tanya Fratto was unable to attend one Board, Audit and Remuneration Committee meeting during the year due to a diary conflict.
- Renata Ribeiro was appointed as a non-executive director on 17 January 2022 and attended all meetings after that date.

Non-executive directors

In the recruitment of non-executive directors, it is the Company's practice to utilise the services of an external search consultancy. The Board engaged Spencer Stuart to assist with the recruitment of Renata Ribeiro. Spencer Stuart is independent of the Company and the directors. The approval of the Board is required before a non-executive can take on other non-executive director roles.

Non-executive directors are appointed for specified terms not exceeding three years and are subject to annual re-election and the provisions of the Companies Act 2006 relating to the removal of a director.

Election of directors

As she was appointed in January 2022, Renata Ribeiro will offer herself for election at this year's AGM. All other directors will retire at this year's AGM and will offer themselves for re-election in accordance with the Code.

Board diversity policy

Across the Group, we aim to ensure that our workforce has a broad range of skills, backgrounds and experience while ensuring that we appoint the best people for the relevant roles. At Board level, we apply consistent principles.

The Group seeks to maintain a board where the skills and experiences of the non-executive directors complement those of the executive directors. In this way, we aim to ensure that the skills and experiences represented on the Board reflect the business environments in which we operate and bring experience of areas of development for the Group, such as in the areas of technology and logistics.

We do not have formal targets or quotas associated with diversity for the composition of the Board, but instead focus on ensuring the best individuals are appointed who meet the Group's needs from as wide a range of backgrounds as possible to facilitate the formulation and implementation of the Group's strategy.

Board evaluation

The performance of the chair, chief executive, the Board and its committees is evaluated formally annually against, amongst other things, their respective role profiles and terms of reference. The executive directors are evaluated additionally against the agreed budget for the generation of revenue, profit and value to stakeholders.

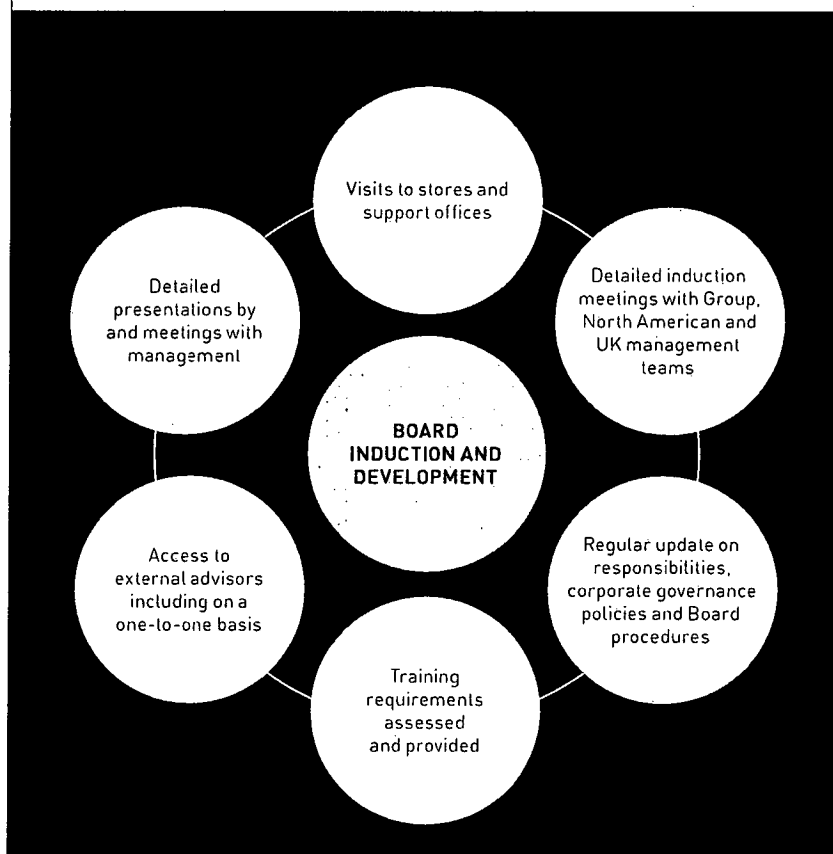
In accordance with the Code, the Board and its committees' performance is evaluated by an external third party every three years. The next external Board evaluation will be conducted in 2023.

The 2021/22 Board evaluation was conducted by way of directors' questionnaires. The results of the questionnaires were collated by the company secretary and presented to the Group's chair who subsequently held individual meetings with each of the directors. The conclusion from the questionnaires and meetings was that the Board and its committees had performed satisfactorily. Succession planning, health and safety, and cyber security will continue to be specific areas of focus for the Board in the coming year.

BOARD DEVELOPMENT AND TRAINING

All newly appointed directors undertake an induction to all parts of the Group's business. This includes visits to the North American and UK businesses and meetings with their management teams. The company secretary also provides directors with an overview of their responsibilities as directors, corporate governance policies and Board policies and procedures.

The chair and chief executive assess regularly the development needs of the Board as a whole with the intention of identifying any additional training requirements.



The non-executive directors (including the chair) will meet in the absence of the executive directors to appraise the performance, of the Board as a whole, including its committees and the executive. In accordance with the Code, the non-executive directors, led by the senior independent director, met in the absence of the chair to appraise his performance.

AUDIT, RISK AND INTERNAL CONTROL Audit Committee

The Board has delegated responsibility for oversight of corporate reporting, risk management and internal control and maintaining an appropriate relationship with the Group's internal and external auditors to the Audit Committee. The Audit Committee report on pages 91 to 95 contains full details of the role and activities of the Audit Committee.

Financial and business reporting

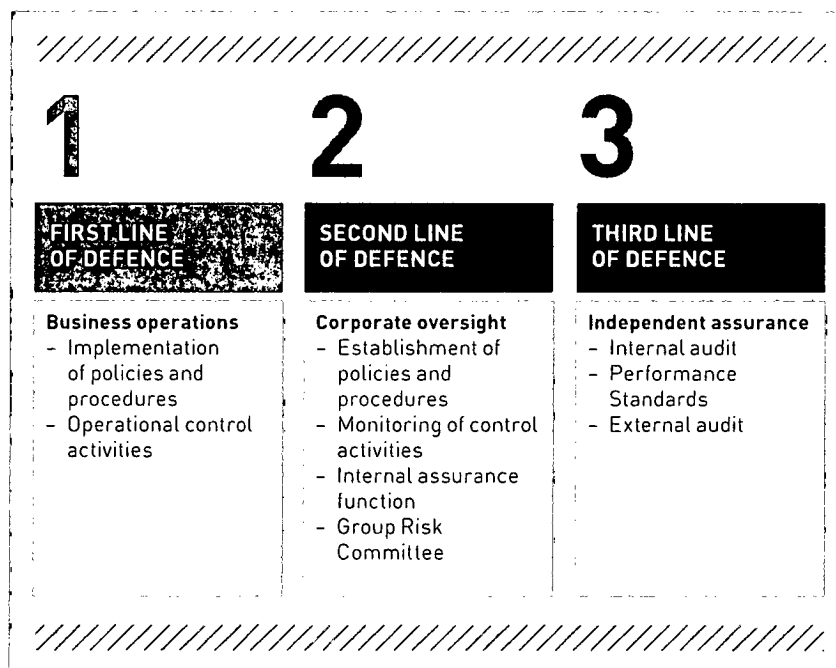
The Board is committed to providing stakeholders with a fair, balanced and understandable assessment of the Group's position and prospects. This is achieved through the Strategic report, which includes an explanation of the Group's business model, and other information included within this Annual Report. The responsibilities of the directors in respect of the preparation of this Annual Report are set out on page 120 and the Auditor's report on page 122 includes a statement by Deloitte about its reporting responsibilities. As set out on page 119, the directors are of the opinion that the Group is a going concern.

Internal control framework and risk management

The Board is responsible for the Group's internal control framework and risk management. It has established a process for identifying, evaluating and managing the principal risks faced by the Group and in identifying and responding to emerging risks. This robust process has been in place for the full financial year, is ongoing and is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published in 2014. Under its terms of reference, the Group Risk Committee meets semi-annually or more frequently if required.

As described more fully on pages 34 to 39, the Group reviews and assesses the risks it faces in its business, changes in principal risks facing the Group and how these risks are managed, with consideration given to the Board's assessment of risk appetite. These reviews are conducted throughout the year in conjunction with the management teams of each of the Group's businesses and are documented in an annual risk assessment, including the updated risk register. The reviews consider whether any matters have arisen since the last report was prepared which might indicate omissions or inadequacies in that assessment. It also considers whether, as a result of changes in either the internal or external environment, any significant new risks have arisen or whether there are any emerging risks which may impact the Group. The Group Risk Committee report for 2022 was presented to, discussed and endorsed by the Audit Committee on 13 May 2022 and the Group Board on 13 June 2022.

The Board monitors the risk management framework and internal control systems on an ongoing basis and reviews their effectiveness formally each year.



The Group follows a three lines of defence approach to risk management with executive management responsible for the oversight and management of the first and second lines of defence while the Audit Committee takes primary responsibility for the third line of defence. The Audit Committee is supported in this activity by the Group's performance standards function and outsourced internal audit.

The Board continually reassesses the effectiveness of the Group's control framework and seeks to identify ways in which to further improve and strengthen it.

As detailed further on page 95, as part of the Board's monitoring, through the Audit Committee, it received reports from the operational audit teams and the outsourced internal audit function as to the existence and operation of controls, how those controls have been monitored throughout the year and considered the internal control improvement recommendations made by the Group's internal auditors and its external auditor and management's implementation plans. The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority, and comprehensive reporting and analysis against budgets and latest forecasts.

In a group of the size, complexity and geographical diversity of Ashtead, minor breakdowns in established control procedures can occur. There are supporting policies and procedures for investigation and management of control breakdowns at any of the Group's stores or elsewhere. The Audit Committee also meets regularly with the internal and external auditor to discuss their work.

The Board considers that the Group's internal control systems are designed appropriately to manage, rather than eliminate, the risk of failure to achieve its business objectives. Any such control system, however, can only provide reasonable and not absolute assurance against material misstatement or loss.

REMUNERATION

Remuneration Committee

The Board has delegated responsibility for developing remuneration policy and fixing the remuneration packages of individual directors to the Remuneration Committee. The Remuneration Committee report on pages 97 to 116 contains full details of the role and activities of the Remuneration Committee.

AUDIT COMMITTEE REPORT



MEMBERS OF THE AUDIT COMMITTEE

Angus Cockburn (chair)

Jill Easterbrook

Tanya Fratto

Renata Ribeiro

Lucinda Riches

Lindsley Ruth

Details of meeting attendance are provided on page 88. The Audit Committee's terms of reference are available on the Group's website.

I am pleased to introduce the report of the Audit Committee for 2021/22. The Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chair of the Committee, it is my responsibility to ensure that the Committee fulfils its responsibilities in a rigorous and effective manner. The Committee's agenda is designed, in conjunction with the Board's, to ensure that all significant areas of risk are covered and to enable it to provide timely input to Board deliberations.

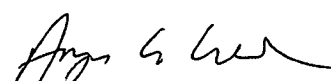
In 2021/22, the Committee's main activities related to ensuring the integrity of financial reporting, the continued effectiveness of the Group's financial controls and assurance programme, reviewing the Group's internal audit arrangements, in particular, the balance between in-house and outsourced provision of that function, and conducting an external audit tender to prepare for the rotation of the external auditor for our 2023/24 year-end. Following review of the Group's internal audit arrangements, the decision was taken to recruit an in-house head of internal audit, who will join the Group this year. As a result of the external audit tender process, the Committee recommended to the Board that they appoint PwC as auditor for the year ending 30 April 2024.

With the easing of restrictions associated with the COVID-19 pandemic, the Committee has been able to return to 'in person' meetings and has had the opportunity to meet in person with key members of the senior management team. The Committee has maintained regular dialogue with the senior management team throughout the year to understand how business processes and controls continue to operate effectively to ensure the timely and accurate preparation of financial information.

I am satisfied that the Committee was provided with high quality and timely material to allow proper consideration to be given to the topics under review. I am also satisfied that the meetings were scheduled to allow sufficient time to ensure all matters were considered fully.

For the forthcoming year, the Committee will continue to focus on the integrity of financial reporting and the effectiveness of the Group's financial controls and assurance programme. In addition, the Committee will work with the newly appointed head of internal audit in establishing an in-house internal audit function, supported by outsourced resource where appropriate. Additionally, the Committee will oversee the planning in advance of the external auditor transition for the 2023/24 year end.

One of the Code's principles is that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects through its financial reporting. We have always sought to ensure our financial and other external reporting is fair, balanced and understandable. The Committee has kept this principle at the forefront of its thought process as it reviewed all the Company's financial reports in advance of publication and is satisfied that they provide a fair, balanced and understandable assessment of the Company's position and prospects.



ANGUS COCKBURN
Chair of the Audit Committee

AUDIT COMMITTEE REPORT CONTINUED

ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls.

The principal responsibilities of the Committee are to:

- monitor the integrity of the quarterly and annual results, including a review of the significant financial reporting judgements contained therein;
- establish and oversee the Company's relationship with the external auditor, including the external audit process, their audit and non-audit fees and independence and make recommendations to the Board on the appointment of the external auditor;
- consider the Company's assessment of emerging and principal risks, including understanding and monitoring the way in which these are being managed;
- review and assess the effectiveness of the Company's internal financial controls and internal control and risk management systems;
- oversee the nature, scope and effectiveness of the internal audit work undertaken; and
- monitor the Company's policies and procedures for handling allegations from whistle-blowers.

The Committee reports to the Board on its activities and minutes of meetings are available to the Board.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee, each of whom is independent, provide the wide range of financial and commercial experience needed for the Committee to undertake its duties and each member of the Audit Committee brings an appropriate mix of senior financial and commercial experience, combined with a thorough understanding of the Group's business. As chair of the Audit Committee, Angus Cockburn has recent and relevant financial experience, having held a number of senior international finance roles. Details of the experience of each member of the Audit Committee is provided on pages 82 and 83.

The company secretary is secretary to the Committee. Paul Walker, Brendan Horgan, Michael Pratt and the Group's director of group finance attend meetings by invitation. In addition, the Group's outsourced internal audit partner and external audit partner attend the Committee's meetings.

MAIN ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The Committee met on six occasions during the year. Meetings are scheduled to coincide with our financial reporting cycle, with four regular meetings scheduled prior to our quarterly, half-year and annual results announcements and the fifth meeting scheduled outside this timetable to enable a formal annual review of the Group's Risk Register and the work undertaken by the Board throughout the year in reviewing these risks.

At each Audit Committee meeting, the Committee receives papers from management which comment on the principal balances in the financial statements and discusses any significant judgements and matters of a financial reporting nature arising since the last meeting. In the current year, these have included consideration of:

- the application of routine period-end accounting policies and procedures;
- the approach taken in relation to the Group's transition to US dollar reporting, which was adopted from 1 May 2021; and
- the going concern and viability statement to ensure that they are appropriate, are based upon suitable assumptions and consider the risks to which the Group is exposed appropriately.

The Committee typically receives reports from Deloitte at three of the meetings. The first, in December, contains the results of Deloitte's review of our half-year results. The half-year review also informs Deloitte's planning for the annual audit. Their full audit plan and proposed audit fee is presented to the February/March meeting of the Committee. Deloitte's final report of the year is presented at the June committee meeting when we review the draft Annual Report. Deloitte's report contains the findings from their audit work, including comments on the draft Annual Report. The Committee is responsible for the Group's relationship with the external auditors, including assessing the audit plan, settling the audit fee, monitoring independence and reviewing effectiveness.

The effectiveness of the Group's financial controls and assurance programme has been a continued area of focus in the current year in anticipation of any requirements introduced following the BEIS consultation. The Committee is responsible for ensuring the scope of the Group's internal audit activities remain appropriate and ensuring appropriate actions are taken to address any control observations raised. PwC presented their internal audit plan at the May 2021 meeting and reported their final findings at the April 2022 Audit Committee. With the help of an independent third party, the Committee reassessed the Group's internal audit arrangements during the year and in particular, the balance between in-house and outsourced resources. As a result, the Committee has appointed an in-house head of internal audit to develop further the Group's activities in this area given the ever increasing size and complexity of the Group.

Further details of the activities of the Audit Committee during the year are set out on the opposite page.

Integrity of financial reporting

We reviewed the integrity of the quarterly and annual financial statements of the Company. This included the review and discussion of papers prepared by management and took account of the views of the external auditor. The key areas reviewed in the current year are set out below.

KEY AREA	RESPONSE	AUDIT COMMITTEE CONCLUSION
Carrying value of rental fleet <p>The carrying value of the Group's rental fleet of \$7,814m (2021: \$6,909m) makes up 51% (2021: 54%) of the Group's gross assets. Both the useful lives and residual values assigned requires the exercise of judgement by management.</p>	<p>Management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment and assesses whether they continue to be appropriate and whether there are any indications of impairment. Among other things this review considers the level of gains on disposal and age of assets at the date of disposal along with the level of second-hand values, while taking into account the impact of the economic cycle.</p>	<p>The Committee reviewed management's assessment of the carrying value of rental assets and judgements associated with the application of useful lives and residual values. The Committee took into account the findings of the external auditor and is satisfied that the judgements taken by management are appropriate and that these are consistent with prior years.</p>
Carrying value of rental fleet <p>The Group requires ongoing access to its financing arrangements to enable it to benefit from growth opportunities.</p>	<p>Management reviewed the appropriateness of the going concern assumption in preparing the financial statements. The Committee reviewed a paper prepared by management which considered the Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom. In addition, we reviewed scenario planning in assessing the Group's viability over the medium-term.</p> <p>Taking account of reasonably possible changes in trading performance, used equipment values and other factors that might affect availability, the Group expects to maintain significant headroom under its borrowing facilities for the forthcoming year.</p>	<p>The Committee reviewed the assessment of the going concern assumption and long-term viability, including understanding the scenario analysis performed in relation to the potential impact of any economic downturn. The Committee is satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.</p>
Goodwill impairment review <p>The Group's strategy includes growth through bolt-on M&A activity as a result of which goodwill arises. The carrying value of goodwill at 30 April 2022 is \$2,300m (2021: \$1,796m).</p>	<p>The Group undertakes a formal goodwill impairment review as at 30 April each year. This is based on the latest approved budget and three-year plans for the US, UK and Canadian businesses. The Group classifies certain specialty businesses as separate cash-generating units ('CGUs'), due to them generating separately identifiable cash flows.</p>	<p>Following the review undertaken, and in light of the Group's current and forecast performance, the Committee is satisfied that the CGUs are appropriate to the Group and that there is no impairment of the carrying value of goodwill in the CGUs of the US, UK or Canada.</p> <p>Further details are provided in Note 15 to the financial statements.</p>

In addition, the Committee also considered the following matters during the course of the year:

- the approach taken to the Group's transition to US dollars as its presentational currency. The Group commenced reporting in US dollars from 1 May 2021;
- the use of alternative performance measures, ensuring these are fair, balanced and understandable;
- the effectiveness of the Group's internal financial controls, as detailed further below;
- the Group's programme to review and re-document end-to-end controls across the principal financial and technology processes and controls, taking into account the independent reviews undertaken into audit, its quality and effectiveness, and the consultation document issued by BEIS 'Restoring Trust in Audit and Corporate Governance';
- the internal audit work and reviewing the Group's approach to internal audit, further details of which are set out below;
- the approach taken to ensure material climate-related matters are considered and the disclosure made in accordance with the requirements of the Task Force on Climate-related Financial Disclosures;
- the completion of a competitive audit tender for the Group's external auditor, further details of which are set out below; and
- the Group's tax strategy and received an update on tax compliance matters.

Fair, balanced and understandable

As part of its responsibilities, the Board has requested that the Audit Committee assess whether, in its opinion, the Annual Report & Accounts 2022, taken as a whole, are a fair, balanced and understandable presentation of the Group's position and prospects.

In making its assessment, the Audit Committee considered a number of factors, including:

- whether the narrative reporting on the performance of the business is consistent with the financial statements presented;
- whether the information presented is complete with no information omitted that should have been included to enable a user to understand the business, its performance and its prospects;
- considering the KPIs utilised by the Group, including alternative performance measures, to ensure that these best reflect its strategic priorities and fairly present business performance;
- assessing areas of judgement which were considered by the Audit Committee during the year and whether these are highlighted appropriately within the Annual Report;
- the outcome of meetings held during the year with Deloitte as external auditor and PwC as internal auditor to discuss qualitative accounting judgements and overall controls. The meetings cover suitability, consistency of application in year and across periods and accounting practices of industry peers; and
- assessing whether the report is clear and understandable, with appropriate narrative given to present the whole story.

Following its review, the Committee concluded that the Annual Report & Accounts 2022 are representative of the Group and its performance during the year and that the Annual Report & Accounts 2022 present a fair, balanced and understandable overview.

EXTERNAL AUDIT

External audit effectiveness

The Committee conducted an assessment of the effectiveness of the audit of the 2021/22 financial statements, based on its own experience and drawing on input from senior corporate management and senior finance management across the Group. The review was based on questionnaires completed by the members of the Committee and senior management. The questionnaires focused on the quality and experience of the team assigned to the audit, the robustness of the audit process, the quality of delivery and communication and governance and independence of the audit firm. This review also considers the role of management in the audit process and therefore enables the Audit Committee to form a view of management's role in ensuring the effectiveness of the external audit.

The questionnaires used enable the Audit Committee to gain a thorough insight into the audit process with sufficient detail to establish an informed view of the audit process across the business and as such form a view as to the effectiveness of the external audit.

The feedback received was positive and recognised an appropriate focus on the principal risks. Furthermore, the audit work continued to be completed in a rigorous and sceptical manner. At its meeting in June, the Committee discussed the results from the questionnaires and the audit process more generally. As a result of these considerations, the Committee is satisfied that the audit process and strategy for the audit of the 2021/22 financial statements was effective.

Reappointment of external auditor

Deloitte was appointed external auditor in 2004. The external auditor is required to rotate the audit partner responsible for the Group audit every five years and this year is William Smith's fourth year as lead audit partner.

The Committee considers the reappointment of the external auditor each year and is recommending to the Board that a proposal be put to shareholders at the 2022 AGM for the re-appointment of Deloitte. There are no contractual restrictions on the Company's choice of external auditor and in making its recommendation the Committee took into account, amongst other matters, the tenure, objectivity and independence of Deloitte, as noted above, and its continuing effectiveness and cost.

The Company has complied with the provisions of the Competition and Market Authority's Order on audit tendering and rotation for the financial year under review. Under the transitional arrangements, the Group is not required to rotate its auditor until after the April 2023 year end. As a result, we undertook a tender for the 2023/24 audit during the year so as to ensure that sufficient time is permitted for the transition of any non-audit services ahead of the change in auditor. As a result of the audit tender, the Committee recommended to the Board that PricewaterhouseCoopers LLP ('PwC') be appointed as the Group's external auditor for the April 2024 audit. The Board has decided that it will appoint PwC to audit the April 2024 financial statements and during 2022/23, PwC will commence their audit transition activities following the transition of all non-audit services undertaken by them. Specifically, PwC ceased the provision of outsourced internal audit services and information technology consulting prior to 30 April 2022 to ensure that they have an appropriate "cooling-in" period.

Non-audit services and external auditor independence

The Audit Committee monitors the nature and extent of non-audit services on a regular basis to ensure the provision of non-audit services is within the Group's policy and does not impair the auditor's objectivity or independence. Whilst the use of the Group's auditor for non-audit services is not prohibited, the Group typically elects to use an alternative adviser but accepts that certain work of a non-audit nature is best undertaken by the external auditor.

We were again satisfied that non-audit services were in line with our policy and did not detract from the objectivity and independence of the external auditor.

The non-audit fees paid to the Company's auditor, Deloitte LLP, for the year relate principally to their review of the Company's interim results and, in the current year, the issue of comfort letters provided in connection with the Group's refinancing typically undertaken by the auditor. Details of the fees payable to the external auditor are given in Note 4 to the financial statements. Non-audit fees represented 15% of the audit fee in the year.

INTERNAL AUDIT

Our outsourced internal audit function undertook audit work in relation to our accounting and support office functions, including testing of our general IT controls. The Committee is responsible for the Group's relationship with the internal auditor, ensuring the scope of work is appropriate to the Group and that findings are considered and actioned appropriately. The Committee receives regular updates from the internal auditor throughout the year as to the status of work and findings arising.

In the current year, internal audit work of the accounting and support office functions has focused on the design, implementation and operating effectiveness of controls relating to the revenue, payroll, fixed asset, inventory processes and general IT controls, including cyber security. The scope of the work undertaken by our internal audit function is designed to provide coverage of our key controls across the principal financial cycles on a rotational basis and be complementary to management's assurance processes and the work of the external auditor.

The internal auditor prepares detailed reports which are discussed with management and against which detailed action plans are agreed. Key matters are highlighted to the Audit Committee through reports presented at Audit Committee meetings and the Audit Committee receives regular updates as to the status of open recommendations.

In addition, the internal operational audit teams in the businesses undertake operational audits across the store network using a risk-based methodology. Each year the Audit Committee agrees the scope of work and the coverage in the audit plan at the start of the year and receive formal reports on the results of the work at the half-year and full-year. Following travel and other restrictions which arose as a result of COVID-19, the internal operational audit teams introduced an eAudit format in May 2020, utilising electronic reporting, data analytics and video conferencing technology. These eAudits have complemented the 'in person' audit visits in the current year which recommenced as restrictions eased. During the year 560 audits were completed, which is consistent with our goal for each of our stores to receive an audit visit at least once every two years. The audits are scored and action plans agreed with store management to remedy identified weaknesses. This continual process of reinforcement is key to the store level control environment.

Internal audit effectiveness

The Audit Committee conducts an annual assessment of the scope of internal audit and the effectiveness of the internal auditor's work. The review is based on the Committee's engagement with the internal auditor and feedback from management. As a result of the review of internal audit effectiveness, the Committee is satisfied that the scope of work and its effectiveness is appropriate. Following last year's review, the Committee decided to engage an independent third party to review the Group's internal assurance arrangements, including the balance between in-house and outsourced provision of internal audit. As a consequence, the Group has recruited an in-house head of internal audit to develop further the Group's activities in this area given the increased scale and complexity of the Group. During 2022/23, the Committee will work with the newly appointed head of internal audit to develop an in-house internal audit function, supported by outsourced resource where appropriate.

FINANCIAL CONTROL AND RISK MANAGEMENT

The Company's objective is to maintain a strong control environment which minimises the financial risk faced by the business. It is the Committee's responsibility to review and assess the effectiveness of the Company's internal financial controls and risk management processes.

In relation to internal financial control, the Group's control and monitoring procedures include:

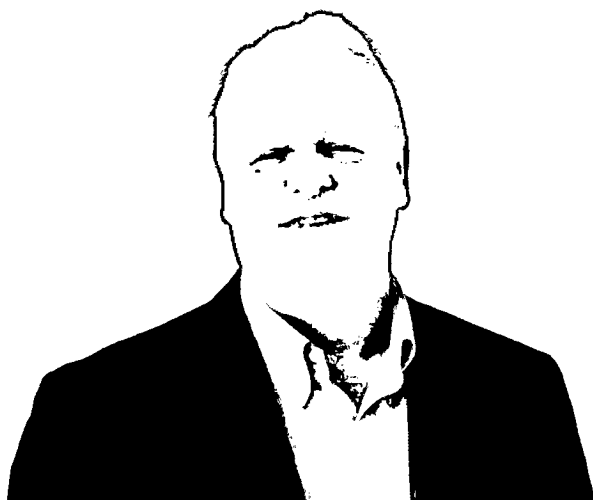
- comprehensive financial assurance activities including routine 'second-line' controls testing to monitor control activities;
- detailed internal audits at the Group's major accounting centres undertaken by internal audit specialists;
- independent review of the effectiveness of internal audit;
- comprehensive audits at each store generally carried out at least every two years by internal operational audit. A summary of this work is provided semi-annually to the Audit Committee; and
- whistle-blowing procedures by which staff may, in confidence, raise concerns about possible improprieties or breaches of company policy or procedure.

The Committee receives regular reports from internal operational audit, outsourced internal audit and the Group Risk Committee. The Group's risk management processes are an area of focus as they adapt to reflect changes to our risk profile as a result of our significant growth, both organic and through bolt-on acquisitions.

VIABILITY STATEMENT

The Committee discussed management's approach to the viability statement and reviewed the work undertaken by management and reviewed a paper summarising their conclusions and proposed statement. The statement was agreed at the June meeting and is included on page 39.

NOMINATION COMMITTEE REPORT



MEMBERS OF THE NOMINATION COMMITTEE

Paul Walker (chair)

Angus Cockburn

Jill Easterbrook

Tanya Fratto

Renata Ribeiro

Lucinda Riches

Lindsey Ruth

Details of meeting attendance are provided on page 88. The Nomination Committee's terms of reference are available on the Group's website.

ROLE OF THE NOMINATION COMMITTEE

The principal duties of the Committee are making recommendations to the Board on:

- the Board's structure, size, composition and balance; and
- the appointment, reappointment, retirement or continuation of any director.

The chair of the Board chairs the Nomination Committee but is not permitted to participate in the appointment of his successor.

MAIN ACTIVITIES OF THE NOMINATION COMMITTEE DURING THE YEAR

In January 2022, after an extensive search, and having been interviewed by each member of the Committee, Renata Ribeiro was appointed as a non-executive director and member of the Audit, Remuneration and Nomination Committees.

Renata brings strong commercial and digital experience to the Board from her role at Carnival Corporation & plc, where she is currently the Senior Vice President of Operations Strategy.

Other matters addressed by the Nomination Committee during the year were:

Reappointment of directors

The Committee unanimously recommends the election / re-election of each of the directors at the 2022 AGM. In making this recommendation, the Committee evaluated each director in terms of their performance, commitment to the role, and capacity to discharge their responsibilities effectively, given their other external time commitments and responsibilities.

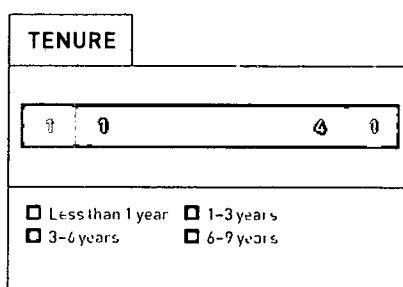
Board composition and diversity

Our objective is to have a broad range of skills, background and experience within the Board as we believe that this ensures the Board is best placed to serve the Group. While we will continue to ensure that we appoint the best people for the relevant roles, we recognise the benefits of diversity in ensuring a mix of views and providing a broad perspective.

The Group's gender diversity statistics are set out within our Responsible business report including details of its approach to diversity and equal opportunities across the Group. At board level, four out of nine of our Board roles are held by women but we note that diversity extends beyond the measurable statistics of gender and ethnicity. As such, while we do not set any particular targets, we continue to take diversity in its wider context into account when considering any particular appointment.

Succession planning

Succession planning for the Board and senior management continues to be an area of focus for the Board, ensuring that appropriate succession plans are reviewed and updated on a regular basis and that Board rotation is managed so that it is distributed across a number of years. The tenure of non-executive directors is illustrated in the graph below:



BOARD APPOINTMENT PROCESS

When considering the recruitment of a new director, the Committee considers the required balance of skills, knowledge, experience and diversity to ensure that any new appointment adds to the overall board composition. The Committee utilises the services of independent external advisers to facilitate the search based on the criteria determined by the Committee for the role.

PAUL WALKER

Chair of the Nomination Committee

REMUNERATION REPORT



MEMBERS OF THE REMUNERATION COMMITTEE

Lucinda Riches (chair)

Angus Cockburn

Jill Easterbrook

Tanya Fratto

Renata Ribeiro

Lindsey Ruth

Details of meeting attendance are provided on page 88. The Remuneration Committee's terms of reference are available on the Group's website.

DEAR SHAREHOLDER

I am pleased to present the Remuneration report for 2021/22 following another year of strong performance for the Group.

REMUNERATION POLICY

The Remuneration Committee is pleased to report that its proposed changes to the Group's Remuneration policy, which it firmly believes are in the best interests of its stakeholders as a whole, were approved by shareholders at our AGM last September.

In formulating the proposed changes to the Policy, principally the introduction of the Strategic Plan Award, the Committee undertook an extensive consultation exercise with its largest shareholders. Following constructive feedback received during the exercise, the Committee made a number of changes to the original proposals, specifically increasing the minimum EBITDA and carbon intensity thresholds. The majority of shareholders were supportive of the Committee's aims to motivate and retain the Group's well-respected management team, the majority of whom are based in North America, while recognising the challenges that this entails for a UK listed company. The Committee is appreciative of the support and helpful feedback it received from those who engaged in the process.

At the 2021 AGM the total votes received in favour of remuneration-related resolutions were 63.97% [Remuneration report], 60.72% [Remuneration policy] and 74.44% [Long-Term Incentive Plan]. The principal reason given by those shareholders who were unable to support the proposals related to the nature and magnitude of the Strategic Plan Award.

Following the AGM, the Group has continued to engage with shareholders. We invited shareholders holding at most 50% of Ashtead's issued share capital to meet directly with Paul Walker, our Group chair. The shareholders who accepted the invitation were supportive of the Remuneration policy and implementation decisions of the Committee and were pleased that the incentives, designed to align directly with the Group's ambitious Sunbelt 3.0 growth strategy, have flowed down on broadly consistent terms to c. 15,000 of the Group's employees.

The Committee is grateful to those shareholders that took part in the engagement process for their feedback, and acknowledges the divergent perspectives of shareholders on our remuneration framework. However, the Committee continues to believe that the Strategic Plan Award is the most appropriate solution to drive collective behaviours across all levels of the business, support the delivery of Sunbelt 3.0, and incentivise and reward further shareholder value creation over the longer-term. Accordingly, the Group's Remuneration policy was implemented in the year ended 30 April 2022 in line with the approach set out in last year's Remuneration report.

COMPANY PERFORMANCE AND REMUNERATION IN 2021/22

I wish to thank our entire workforce on behalf of the Committee for their contribution to Ashtead's continued success, further details of which are set out on pages 22 to 29 of the Annual Report. Despite the ongoing challenges from the pandemic, the Group delivered record results in 2021/22 as we executed against our strategic plan, Sunbelt 3.0,

while remaining focused on our core value of ensuring our people remain at the heart of what we do.

Deferred Bonus Plan

Brendan Horgan and Michael Pratt participate in the Deferred Bonus Plan ('DBP') where performance is measured by reference to Group adjusted pre-tax profit and free cash flow generation. The bonus targets for 2021/22, which were achieved in full, are set out on page 107.

2019 Performance Share Plan award vesting

The long-term performance of the Company is reflected in the 98.7% vesting of the 2019 Performance Share Plan ('PSP') award. The award will vest on the completion of the three-year vesting period in July 2022. The performance conditions and targets, weighting, actual performance and associated level of vesting are set out on page 108.

The Committee reviewed the outcomes under the 2022 Deferred Bonus Plan and 2019 PSP awards, in the context of the underlying performance of the Group and the stakeholder experience. It concluded that no discretion to adjust the formulaic outcome was required.

Strategic Plan Award

On 20 April 2021 the Group launched its ambitious Sunbelt 3.0 strategy. It made Strategic Plan Awards under the new Long-Term Incentive Plan ('LTIP') to 400 employees. Additionally, some 1,200 branch managers and 13,000 other team members participated in a special cash bonus scheme linked to annual targets aligned with Sunbelt 3.0.

REMUNERATION REPORT CONTINUED

The Strategic Plan Award targets reflect the stretching financial and operational aspirations of Sunbelt 3.0, balanced by linkage to measures that ensure growth is delivered in a sustainable and responsible way; including targets for customer service, employee engagement and ESG. Further details on the targets for the Strategic Plan Award and its alignment to Ashtead's Sunbelt 3.0 strategy are included on page 109.

The Strategic Plan Awards made under the LTIP and the cash bonus scheme ensure that all levels of the organisation are focused on delivering the Group's ambitious three-year targets for the benefit of all of our stakeholders. Following approval of the LTIP at the 2021 AGM, Strategic Plan Awards were made to the executive directors in September 2021, details of which appear on page 110.

REMUNERATION FOR 2022/23 Salary increases for executive directors and the rest of the workforce

Each year the Committee determines the salary levels and bonus arrangements for its executive directors. The Committee also reviews the proposed salary increases for the wider workforce and the bonus proposals for each of the businesses, as it seeks to ensure a consistent reward structure across the Group.

The Committee has determined, in line with the average salary increases given to the general workforce, to increase the base salaries for Brendan Horgan and Michael Pratt by 5% with effect from 1 May 2022. The Committee considered this level of salary increase to reflect appropriately their continued strong performance and valued contribution to the ongoing success of the Group.

2023 Deferred Bonus Plan award

The executive directors participate in the Deferred Bonus Plan. The Committee sets targets annually with reference to Group adjusted profit before tax and free cash flow. No changes are proposed to the reward opportunities under the Deferred Bonus Plan for the financial year ending 30 April 2023.

LTIP award for 2022

As detailed in my report last year and following approval at the 2021 AGM, the LTIP awards for 2022 for the executive directors will be as follows:

- chief executive: 350% of base salary; and
- chief financial officer: 225% of base salary.

We will continue setting stretching through-the-cycle targets to reward sustainable, long-term growth as assessed across a balance of different metrics (relative TSR, EPS, RoI and leverage). Notwithstanding the challenges that will be presented by broader economic uncertainty, the Committee continues to believe that through-the-cycle targets remain the most appropriate measures for a cyclical business and will retain the existing targets for its 2022 award.

Chair and non-executive fees

The chair's fee was last reviewed by the Committee in January 2019. On 1 January 2022, the Committee resolved to increase the chair's fee to £450,000 per annum.

The non-executive fees, which are determined by the Board, have remained unchanged since January 2018. On 1 January 2022, the Board resolved to increase the non-executive fees to £80,000 per annum, with a supplemental fee of £20,000 per annum for chairs of the Audit and Remuneration Committees and for the senior independent director, recognising the increased time commitment of the workload for these roles. Henceforth, the chair and non-executive fees will be reviewed annually by the Remuneration Committee and the Board respectively.

The revised fees have been set in accordance with the Group's Remuneration policy, reflecting the size and complexity of the Group.


CONCLUSION

The key decisions of the Committee relating to remuneration for the current year are set out below:

- the executive directors will receive 100% of their Deferred Bonus Plan award for 2021/22 performance;
- 98.7% of the 2019 PSP award will vest in July 2022;
- the Group chief executive and Group chief financial officer's base salaries will increase by 5%; and
- the LTIP award opportunity for 2022 will be 350% of base salary for the chief executive and 225% of base salary for the chief financial officer (in line with the proposals set out in last year's Remuneration report). Performance conditions in respect of these awards appear on page 109.

At this year's AGM there will be a single advisory resolution in respect of the implementation of the Remuneration policy, details of which are set out in the Notice of Meeting.

I believe the decisions made by the Committee both reflect and build on the constructive shareholder dialogue which I intend to continue going forward. I hope you will agree and will therefore be able to vote in favour of this year's Remuneration report.



LUCINDA RICHES

Chair of the Remuneration Committee

INTRODUCTION

This report has been prepared in accordance with the Listing Rules of the Financial Conduct Authority, the relevant sections of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'). It explains how the Board has applied the Principles of Good Governance relating to directors' remuneration, as set out in the UK Corporate Governance Code. The Regulations require the auditor to report to the Company's members on elements of the Directors' remuneration report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The audited information is included on pages 106 to 112.

An ordinary resolution concerning the Directors' remuneration report (excluding the Remuneration policy) will be put to shareholders at the AGM on 6 September 2022.

REMUNERATION POLICY

During the 2021/22 financial year, the Committee kept under review its approach to remuneration against Provision 40 of the Code, and concluded that the Remuneration policy and practices appropriately address the six pillars of: clarity; simplicity; risk, predictability; proportionality; and alignment to culture:

- **clarity:** the Remuneration policy is transparent and its implementation is disclosed in a straightforward and consistent manner to both shareholders and employees using the Group's Annual Report and via a range of employee engagement mechanisms, details of which are provided within this report;

- **simplicity:** the Group adopts remuneration structures for executive directors which are not complex and which are market typical. Executive director remuneration comprises a base salary, benefits and pension arrangements, which are in line with the wider workforce, and an annual bonus and long-term incentive awards which are aligned with the Group's financial performance and strategic plans. Details of the operation of this remuneration structure is provided within this report;
- **risk:** the Remuneration policy has been designed to discourage inappropriate risk-taking with an appropriate mix of fixed and variable remuneration. Variable elements are focused on the long-term success of the Group, with awards under the Deferred Bonus Plan and long-term incentive plans subject to malus and clawback provisions. Performance conditions are reviewed regularly to ensure they remain sufficiently stretching to ensure poor performance is not rewarded, but without being so stretching as to encourage and incentivise risk-taking;
- **predictability:** the illustration on page 103 provides detail of the potential future reward based on different performance scenarios under the application of the Remuneration policy for 2022/23. Incentive arrangements are applied consistently over time and subject to clearly defined pay-out schedules, deferral requirements and shareholding policies;
- **proportionality:** the link between each element of the Remuneration policy and its strategy is detailed in the policy table on pages 100 to 102, with a range of short and long-term components. Furthermore, the Committee retains appropriate discretion to adjust

formulaic bonus and long-term incentive outcomes, where these would otherwise result in outcomes that are not aligned with stakeholders' experience; and

- **alignment to culture:** remuneration practices are aligned with the Group's purpose, values and strategy. This was reinforced with the introduction of ESG measures into the Group's remuneration performance measures for the Strategic Plan Award.

Shareholders approved the Group's Remuneration policy at the 2021 AGM and the policy has operated as set out below (and which is reproduced from last year's report). The Committee will keep the policy under review to ensure it appropriately incentivises and rewards strong performance going forward. Major shareholders will be consulted in advance on any proposed material changes.

REMUNERATION REPORT CONTINUED

The Group's remuneration policy

Base salary			
<p>Link to strategy The purpose of the base salary is to attract and retain directors of the high calibre needed to deliver the long-term success of the Group without paying more than is necessary to fill the role.</p>	<p>Operation Ordinarily, base salary is set annually and is payable on a monthly basis.</p> <p>An executive director's base salary is determined by the Committee. In deciding appropriate levels, the Committee considers the experience and performance of individuals and relationships across the Board and seeks to be competitive using information drawn from both internal and external sources and taking account of pay and conditions elsewhere in the Company.</p> <p>The comparator group currently used to inform decisions on base salary is principally the FTSE organisations of similar size, geographic footprint and index positioning of the Company. The Committee intends to review the comparator group each year, to ensure this remains appropriate, and any changes would be disclosed to shareholders in setting out the operation of the policy for the subsequent year.</p> <p>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the policy level until they become established in their role. In such cases subsequent increases in salary may be higher until the target positioning is achieved.</p>	<p>Maximum potential value The policy for salary is around the median level for comparable positions in relation to the comparator groups.</p> <p>Increases will normally be in line with both the market and typical increases for other employees across the Group.</p> <p>Details of the executive directors' salaries, and any increases awarded are set out in the Remuneration report.</p>	<p>Performance conditions and assessment N/A</p>
Benefits			
<p>Link to strategy To provide competitive employment benefits.</p>	<p>Operation The executive directors' benefits will generally include medical insurance, life cover, car allowance and travel and accommodation allowances.</p> <p>The type and level of benefits provided is reviewed periodically to ensure they remain market competitive.</p>	<p>Maximum potential value The maximum will be set at the cost of providing the listed benefits.</p>	<p>Performance conditions and assessment N/A</p>
Pension			
<p>Link to strategy To provide a competitive retirement benefit.</p>	<p>Operation The Company makes pension contributions (or pays a salary supplement in lieu of pension contributions) equal to the average available for the workforce in the relevant geography.</p>	<p>Maximum potential value The maximum pension contribution for all directors is aligned with the average employee contribution in the respective geographies.</p>	<p>Performance conditions and assessment N/A</p>

Deferred Bonus Plan ('DBP')

Link to strategy

The purpose of the DBP is to incentivise executives to deliver stretching annual financial performance while aligning short-term and long-term reward through compulsory deferral of a proportion into share equivalents. This promotes the alignment of executive and shareholder interests.

Operation

The DBP runs for consecutive three-year periods with a significant proportion of any earned bonus being compulsorily deferred into share equivalents. Based on achievement of annual performance targets, participants receive two-thirds of the combined total of their earned bonus for the current year and the value of any share equivalent awards brought forward from the previous year at the then share price. The other one-third is compulsorily deferred into a new award of share equivalents evaluated at the then share price.

Deferred share equivalents are subject to 50% forfeiture for each subsequent year of the plan period where performance falls below the forfeiture threshold set by the Committee.

At the expiration of each three-year period, participants will, subject to attainment of the performance conditions for that year, receive in cash their bonus for that year plus any brought forward deferral at its then value.

Dividend equivalents may be provided on deferred share equivalents.

Maximum potential value

The maximum annual bonus opportunity under the DBP is 225% of base salary.

Target performance earns 50% of the maximum bonus opportunity.

Performance conditions and assessment

The current DBP performance conditions are Group adjusted pre-tax profit and free cash flow.

Stretching financial targets are set by the Committee at the start of each financial year.

The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate.

The Committee has the discretion to adjust measures, targets or weightings for any exceptional events that may occur during the year.

The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the DBP, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can assess fully the basis for any pay-outs under the plan.

Performance Share Plan ('PSP')/Long-Term Incentive Plan ('LTIP')

Link to strategy

The purpose is to attract, retain and incentivise executives to optimise business performance through the economic cycle and hence, build a stronger underlying business with sustainable long-term shareholder value creation.

This is an inherently cyclical business with high capital requirements. The performance conditions have been chosen to ensure that there is an appropriate dynamic tension between growing earnings, delivering strong RoI, whilst maintaining leverage discipline.

Operation

Awards are granted annually and vesting is dependent on the achievement of performance conditions. Performance is measured over a three-year period.

The operation of the plan is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances.

Dividend equivalents may be provided on vested shares.

Vested shares (net of taxes) are required to be held for a period of at least two years post-vesting.

Maximum potential value

The maximum annual award which can be made under the PSP scheme has a market value at the grant date of 350% of base salary.

At target performance 32.5% of the award vests.

In 2022/23 the award for Brendan Horgan will be 350% of base salary and 225% for Michael Pratt.

Performance conditions and assessment

Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are maintained across the cycle. The current performance criteria are set out on page 108.

REMUNERATION REPORT CONTINUED

Strategic Plan Award			
Link to strategy The Strategic Plan Award is a standalone performance share award linked directly to those objectives underpinning the Sunbelt 3.0 strategy. The performance conditions are aligned to the stretching financial and operational aspirations of Sunbelt 3.0 and linked to measures that ensure growth is delivered in a sustainable and responsible fashion.	Operation The Strategic Plan Award is a one-off award granted at the beginning of the Sunbelt 3.0 strategic period. Vesting is dependent on the achievement of performance conditions measured over the three-year period to 30 April 2024. Dividend equivalents may be provided on vested shares. Vested shares (net of taxes) are required to be held for a period of at least two years post-vesting.	Maximum potential value The maximum award which can be made under the Strategic Plan Award has a market value of 350% of base salary. At threshold performance 25% of the award vests.	Performance conditions and assessment Awards are subject to continued employment and achievement of a range of financial and operational performance conditions linked to the five strategic components of the Sunbelt 3.0 plan, details of which are set out on page 109.
Shareholding policy			
Link to strategy Ensures a long-term locked-in alignment between the executive directors and shareholders.	Operation The Committee requires the executive directors to build and maintain a material shareholding in the Company over a reasonable time frame, which would normally be five years. The Committee has discretion to increase the shareholding requirement.	Maximum potential value Minimum shareholding requirement: <ul style="list-style-type: none"> Current chief executive: 500% of salary Other executive directors: 300% of salary 	Performance conditions and assessment N/A
Post-cessation shareholding requirement			
Link to strategy Strengthens the alignment between the long-term interests of executive directors and shareholders.	Operation The Committee requires the executive directors to maintain the minimum shareholding requirement for two years post-cessation.	Maximum potential value Minimum shareholding requirement: <ul style="list-style-type: none"> Chief executive: 300% of salary Other executive directors: 200% of salary 	Performance conditions and assessment N/A

Notes to the policy table:

- In relation to the PSP/LTIP:
 - Total shareholder return measures the relative return from Ashtead against an appropriate comparator group, providing alignment with shareholders' interests.
 - Earnings per share is also a key measure ensuring sustainable profit generation over the longer-term and is a measure which is aligned with shareholders' interests.
 - Return on investment is a key internal measure to ensure the effective use of capital in the business which is cyclical and with high capital requirements.
 - The use of leverage alongside the other performance measures ensures there is an appropriate dynamic tension and balance, maintaining leverage discipline in a capital-intensive business. The leverage target is 2.0 times (2.4 times post IFRS 16), averaged across the three-year period.
- In relation to both the DBP and the PSP/LTIP, matus and clawback provisions exist which enable the Committee to reduce or eliminate the number of shares, notional shares or unvested shares held or reduce the amount of any money payable or potentially payable and/or to require the transfer to the Company of all or some of the shares acquired or to pay to the Company an amount equal to all or part of any benefit or value derived from, or attributable to, the plans in case of material misstatement of accounts or action or conduct of an award holder or award holders which in the reasonable opinion of the Board, amounts to fraud or gross misconduct.
- The Committee will operate the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. These include making awards and setting performance criteria and targets for new cycles each year, dealing with leavers, and adjustments to awards and performance criteria following acquisitions, disposals, changes in share capital and to take account of the impact of other merger and acquisition activity. The Committee retains discretion, in exceptional circumstances, under the rules of the DBP and long-term incentive plans (PSP and LTIP) to adjust performance conditions to ensure that the awards fulfil their original purposes. All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale for doing so, will be disclosed in the Directors' remuneration report.

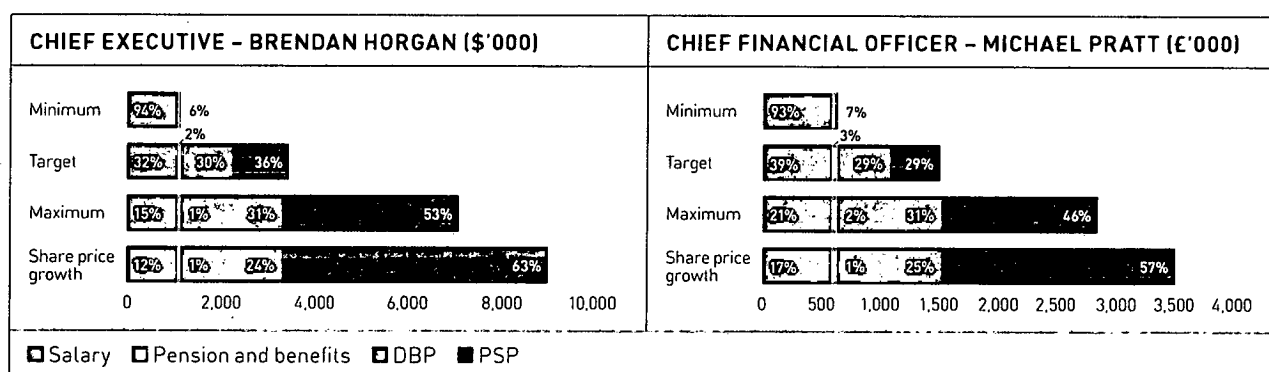
Remuneration policy on new hires

When hiring a new executive director, the Committee will seek to align the remuneration package with the Remuneration policy summarised on pages 100 to 102. In addition, where the executive has to relocate, the level of relocation package will be assessed on a case-by-case basis. Although it is not the Committee's policy to buy-out former incentive arrangements as a matter of course, it will consider compensating an incoming executive with like-kind incentive arrangements for foregone incentives with their previous employer, taking into account the length of the period they were held and an assessment of the likely vesting value. The Committee will ensure that such arrangements are in the best interests of both the Company and the shareholders without paying more than is necessary.

Total remuneration opportunity

Our remuneration arrangements are designed so that a significant proportion of pay is dependent on the delivery of short and long-term objectives designed to create shareholder value.

The graphs below illustrate the potential future reward opportunity for each of the executive directors in 2022/23, and the base salary at 1 May 2022 and the sterling/dollar exchange rate at 30 April 2022.



In illustrating potential reward opportunities, the following assumptions have been made:

	Base salary, benefits and pension	DBP	LTIP
Minimum	Base salary, benefits and pension or cash in lieu of pension	No DBP payment payable	No vesting
Target/threshold	As above	On target DBP payment (50% of maximum)	32.5% vesting
Maximum	As above	Maximum DBP payment	Full vesting
Share price growth	As above	Maximum DBP payment	Full vesting with 50% share price growth

The impact of share price movements on the value of LTIPs has been excluded for the minimum, target and maximum scenarios. The impact of share price changes on the value of mandatory bonus deferrals into the DBP has been excluded from all scenarios.

Service contracts

The Company's policy is that executive directors have rolling contracts terminable by either party giving the other 12 months' notice, which are available for inspection at the Company's registered office. The service contracts for each of the executive directors all contain non-compete provisions appropriate to their roles.

REMUNERATION REPORT CONTINUED

Policy on payment for loss of office

Upon the termination of employment of any executive director, any compensation will be determined in accordance with the relevant provisions of the director's employment contract and the rules of any incentive scheme which are summarised below.

Base salary and benefits	
<p>Approach</p> <p>In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation.</p> <p>In other circumstances, executive directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months' salary.</p> <p>Such payments will be equivalent to the monthly salary and benefits that the executive would have received if still in employment with the Company. Executive directors will be expected to mitigate their loss within a 12-month period of their departure from the Company.</p>	<p>Application of Committee discretion</p> <p>The Committee has discretion to make a lump sum payment in lieu.</p>
Pension	
<p>Approach</p> <p>Pension contributions or payments in lieu of pension contribution will be made during the notice period. No additional payments will be made in respect of pension contributions for loss of office.</p>	<p>Application of Committee discretion</p> <p>The Committee has discretion to make a lump sum payment in lieu.</p>
Deferred Bonus Plan	
<p>Approach</p> <p>The treatment of the Deferred Bonus Plan is governed by the rules of the plan.</p> <p>Cessation of employment</p> <p>If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business).</p> <p>If the Committee determines that deferred awards held in a participant's plan account shall not lapse on cessation of employment, all deferred awards held in the participant's plan account shall vest immediately and the Committee shall determine:</p> <p>(a) whether the measurement date for that plan year is brought forward to the date of cessation or remains at the end of the plan year; and</p> <p>(b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the contribution to the Group.</p> <p>If the Committee determines that the measurement date is the date of cessation, the Committee shall pro-rate the performance conditions to the date of cessation.</p>	<p>Application of Committee discretion</p> <p>The Committee has the discretion to determine that an executive director is a good leaver.</p> <p>The Committee retains discretion to set the measurement date for the purposes of determining performance measurement and whether to pro-rate the contribution for that plan year. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.</p>
<p>Change of control</p> <p>On a change of control, all deferred awards held in a participant's plan account shall vest immediately and the Committee shall determine:</p> <p>(a) that the measurement date is the date of the change of control; and</p> <p>(b) whether a reduction is applied to the payment to take account of the proportion of the plan year elapsed and the participant's contribution to the Group.</p> <p>The Committee shall pro-rate the performance conditions to the measurement date.</p> <p>In the event of an internal reorganisation, the Committee may determine that awards are replaced by equivalent awards.</p>	<p>The Committee retains discretion to pro-rate the contribution for that plan year. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met, the Committee will consider whether pro-rating is equitable.</p>

PSP/LTIP (including Strategic Plan Award)**Approach**

The treatment of awards is governed by the rules of the relevant plan.

Cessation of employment

If a participant ceases to be employed by a Group company for any reason an award that has not vested shall lapse unless the Committee in its absolute discretion determines otherwise for 'good leaver' reasons (including, but not limited to, injury, disability, ill health, retirement, redundancy or transfer of the business).

Where the participant is a 'good leaver', and at the discretion of the Committee, awards may continue until the normal time of vesting and with the performance target and any other conditions considered at the time of vesting. If the participant's awards vest, the proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.

Alternatively, the Committee may decide that the award may vest on the date of cessation taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.

Application of Committee discretion

The Committee has the discretion to determine that an executive director is a good leaver.

The Committee retains discretion to set the vesting date. It should be noted that it is the Committee's policy only to apply such discretions if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised.

Change of control

The proportion of the awards which shall vest will be determined by the Committee in its absolute discretion taking into account such factors as the Committee may consider relevant including, but not limited to, the time the award has been held by the participant and having regard to the performance target and any further condition imposed under the rules of the relevant plan.

It is the Committee's policy to measure the level of satisfaction of performance targets on a change of control. It is the Committee's policy in normal circumstances to pro-rate to time; however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether pro-rating is equitable.

There is no agreement between the Company and its directors or employees, providing for compensation for loss of office or employment that occurs as a result of a takeover bid. The Committee reserves the right to make payments where such payments are made in good faith in discharge of a legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment.

When determining any loss of office payment for a departing individual the Committee will always seek to minimise the cost to the Company whilst seeking to address the circumstances at the time.

Consideration of conditions elsewhere in the Group

The constituent parts of the senior management team's remuneration package (and the pay principles underpinning these) mirror those of the executive directors. The performance conditions attaching to PSP awards are applied consistently to all PSP awards made throughout the Company, and performance measures included within the Strategic Plan Awards are similarly aligned to the key components of our Sunbelt 3.0 strategy.

When considering executive compensation, the Committee is advised of, and takes into account, changes to the remuneration of employees within the Group and feedback from engagement with employee forums. Executives engaged with team members throughout the year. Regular 'town hall' and employee briefings are held during which updates are provided to the workforce on the Group's performance and strategic initiatives, and how these correlate to remuneration plans. During 2021/22, these have included specific consideration of fixed elements of remuneration, considering the broader economic environment, as well as the structure of variable elements of remuneration, in light of the Group's progress against its strategic plans. The workforce is encouraged to raise questions and share feedback either during or after the 'town hall' events and employee briefings and we find a high level of engagement. Additionally, regular updates are provided to employees of Company performance via email and through the Group's employee engagement apps.

Employees are also able to provide feedback through the Group's employee surveys on an anonymous basis, with employees and the Board provided with updates as to action taken to respond to employee matters raised.

REMUNERATION REPORT CONTINUED

Our Remuneration policy is applied consistently throughout the organisation and as such enables our employees to understand the Remuneration policy as it applies to them, and enables alignment between the executive directors and the wider workforce. This includes our policy on setting fixed pay levels, the depth of participation in our short and long-term incentives, and the measures and targets set to determine the pay-out of these. The Committee and the Board as a whole continues to keep under review our approach to consulting employees on all matters – including remuneration – and is committed to evolving further its approach over time, as appropriate.

Managing potential conflicts of interest

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all executive directors is set and approved by the Committee; none of the executive directors is involved in the determination of their own remuneration arrangements.

The Committee also receives support from external advisers and evaluates the support provided by those advisers annually to ensure that advice is independent and appropriate.

Remuneration policy for non-executive directors

The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association. None of the non-executive directors has a service contract with the Company and their appointment is therefore terminable by the Board or the director at any time. When recruiting a non-executive director, the remuneration arrangements offered will be in line with the policy table below:

APPROACH TO FEES	BASIS OF FEES
Fees are set at a level to attract and retain high calibre non-executive directors.	Each non-executive director is paid a basic fee for undertaking non-executive director and board responsibilities.
Fees are reviewed on a regular basis to ensure they reflect the time commitment required and practice in companies of a similar size and complexity.	Additional fees are paid in relation to extra responsibilities undertaken, such as to the chair and the chairs of the Audit and Remuneration Committees and the senior independent director.
The Company pays any reasonable expenses that a non-executive director incurs in carrying out their duties as a director (including any tax arising thereon) and other modest benefits as appropriate.	

ANNUAL REPORT ON REMUNERATION

Single total figure for remuneration (audited information)

Executive directors

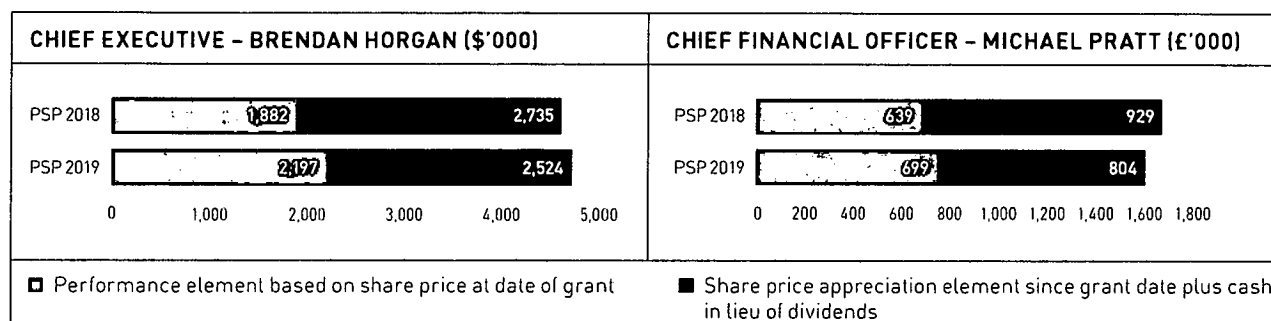
The single figure for the total remuneration received by each executive director for the year ended 30 April 2022 and the prior year is shown in the table below:

		Brendan Horgan ¹		Michael Pratt ¹		Total ¹	
		2022 \$'000	2021 \$'000	2022 €'000	2021 €'000	2022 \$'000	2021 \$'000
Fixed remuneration	Salary	1,030	1,030	560	473	1,791	1,653
	Benefits ²	43	45	11	21	58	73
	Pension ³	20	20	34	71	66	114
	Total fixed	1,093	1,095	605	565	1,915	1,840
Variable remuneration	DBP ⁴	1,777	1,373	702	473	2,731	2,027
	PSP ⁵	4,721	4,617	1,503	1,568	6,764	6,686
	Total variable	6,498	5,990	2,205	2,041	9,495	8,713
Total		7,591	7,085	2,810	2,606	11,410	10,553

Notes

- Brendan Horgan's salary is denominated in US dollars whereas Michael Pratt's salary is denominated in sterling. For the purpose of this disclosure, amounts have been shown in the currency in which salary is denominated, while the total remuneration amount is shown in US dollars translated at the average exchange rate for the year.
- Benefits include the taxable benefit of company owned cars, private medical insurance and subscriptions and other taxable allowances. Other taxable allowances include car, travel and accommodation allowances.
- The amount for Michael Pratt represents cash payments in lieu of pension contributions at 6% (2021: 15%) of salary, in line with the pension contribution offered to the UK workforce. The amount included for Brendan Horgan represents the co-match under Sunbelt's 401K defined contribution pension plan and 409A deferred compensation plan, and is in line with the pension arrangements offered to our US workforce.
- DBP includes the cash received by each director from the DBP for 2021/22 performance as explained on page 106. This includes 67% of this year's bonus and 67% of the brought forward deferred share equivalents for each director.
- The PSP value is calculated as the number of shares vesting, valued at the market value of those shares, plus the payment in lieu of dividends paid during the vesting period. Market value is the market value on the day the awards vest (if they vest before the date the financial statements are approved) or the average market value for the last three months of the financial year (if the awards vest after the date the financial statements are approved). The 2019 award will vest at 98.7% on 4 July 2022 and has been valued at an average market value of 4,860p for the three months ended 30 April 2022, plus 125.6p per share in lieu of dividends paid during the vesting period. The PSP value for 2021 has been adjusted to reflect the actual market value on the date of vesting of 5,416p.

The value attributable to the 2018 and 2019 PSP awards within the single total figure for remuneration reflects the appreciation of the share price since the awards were granted. This is illustrated as follows:



The Company believes that the charts above show the strong alignment of interests between the executive directors and shareholders reflected in the share price appreciation over the performance period.

Directors' pension benefits (audited information)

Brendan Horgan is a member of the Sunbelt 401K defined contribution pension plan and the 409A deferred compensation plan. He is entitled to a company co-match conditional on contributing into the 401K plan or deferring into the 409A plan. The co-match is limited to amounts permitted by regulatory agencies and is affected either by a company payment into the 401K plan or an enhanced deferral into the 409A plan and was \$20,596 in 2021/22.

At 30 April 2022, the total amount available to Brendan Horgan but deferred under the Sunbelt deferred compensation plan was \$935,104. This includes an allocated investment loss of \$104,693 [2021: gain of \$278,694].

Michael Pratt received a payment of 6% of base salary from 1 May 2021, in line with the wider UK workforce.

The Deferred Bonus Plan (audited information)

The performance targets for the DBP for the year, which were equally weighted, were as follows:

		Group adjusted pre-tax profit	Free cash flow
Forfeiture		\$1,096m	n/a
Entry	10%	\$1,391m	\$904m
Threshold	30%	\$1,418m	\$918m
Target	50%	\$1,452m	\$938m
Maximum	100%	\$1,541m	\$1,007m
Actual – reported		\$1,824m	\$1,125m
Actual – budgeted exchange rates		\$1,823m	\$1,128m

For the year to 30 April 2022, the adjusted pre-tax profit for Ashtead Group plc was \$1,823m and free cash flow was \$1,128m, both at budget exchange rates. As a result, Brendan Horgan and Michael Pratt earned 100% of their maximum bonus entitlements. These are equivalent to 200% of base salary for Brendan Horgan (\$2,060,000) and 150% of base salary for Michael Pratt (£840,000).

2021/22 is the second year of the current three-year DBP and one-third of the bonus amounts disclosed above has been compulsorily deferred into an award of share equivalents based on the year-end share price (4,179p). The share equivalent awards are included below:

	Number of share equivalent awards				Value of released awards '000
	Brought forward	Released	Granted	Carried forward	
Brendan Horgan	10,664	(7,109)	13,086	16,641	\$404
Michael Pratt	5,080	(3,386)	6,700	8,394	£142

REMUNERATION REPORT CONTINUED

The Performance Share Plan

The performance criteria represent a balanced and holistic approach involving four measures selected because delivery of them through the cycle is a significant challenge and the achievement of them will deliver optimum sustainable performance and shareholder value creation over the long-term. The performance criteria are as follows:

Award date	Financial year	Performance criteria (measured over three years)				Status
		TSR (40%)	EPS (25%)	RoI (25%)	Leverage (10%)	
6/7/18	2018/19	25% of this element of this award will vest for median	25% of this element of the award will vest if EPS compound growth for the three years ending 30 April immediately prior to the vesting date is 6% per annum, rising to 100% vesting if EPS compound growth is equal to, or exceeds, 12% per annum.	25% of this element of the award will vest at an RoI of 10% with 100% vesting with an RoI of 15% (excluding IFRS 16).	100% of this element of the award will vest if the ratio of net debt to EBITDA is equal to, or is less than, 2.0 times (2.4 times post IFRS 16).	2018 award 94.7% vested in July 2021
4/7/19	2019/20	performance with full vesting at the upper quartile.				2019 award 98.7% will vest in July 2022
19/6/20	2020/21	TSR is measured against the FTSE 350 companies ranked 50th to 100th by market capitalisation from 1 May of the year of grant.				2020 award TSR performance is in the upper quartile, EPS increased by 18%, RoI of 18% and leverage of 1.5 times
6/7/21	2021/22	As above, except TSR is measured against the constituents of the FTSE 100 from 1 May of the year of grant.				2021 award TSR performance is in the third quartile, EPS increased by 40%, RoI of 18% and leverage of 1.5 times

For performance between the lower and upper target ranges, vesting of the award is scaled on a straight-line basis.

The 2018 PSP award vested at 94.7% on 6 July 2021 with EPS compound growth (calculated consistently with 2017/18, excluding IFRS 16) for the three years ended 30 April 2021 of 10.4%, falling between the lower and upper thresholds of 6% and 12%, resulting in 20.0% of the EPS element of the award vesting and the Company's TSR performance ranked it second within the FTSE 350 companies ranked 50th to 100th by market capitalisation (excluding investment trusts). RoI was 14.9% and average leverage was 1.8 times.

The 2019 PSP award will vest at 98.7% on 4 July 2022 with EPS compound growth (calculated consistently with 2018/19, excluding IFRS 16) for the three years ended 30 April 2022 of 11.6%, falling between the lower and upper thresholds of 6% and 12%, resulting in 23.7% of the EPS element of the award vesting and the Company's TSR performance ranked it first within the FTSE 350 companies ranked 50th to 100th by market capitalisation (excluding investment trusts). RoI was 18% and average leverage was 1.7 times.

EPS is based on adjusted profit after taxation stated in US dollars. TSR performance is measured relative to FTSE companies of comparable market capitalisation (excluding investment trusts) rather than a specific comparator group of companies because there are few direct comparators to the Company listed in London. The Company's TSR performance relative to the FTSE 100 (excluding investment trusts) is shown on page 112.

It is a condition of the PSP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date.

The Strategic Plan Award

Strategic Plan Awards were made in 2021/22. The performance criteria represent the stretching financial and operational aspirations of Sunbelt 3.0, balanced by linkage to measures that ensure growth is delivered in a sustainable and responsible fashion.

STRATEGIC PLAN AWARD SCORECARD						
		Weighting	Measure	Targets		Commentary
				Threshold	Stretch	
1	Grow General Tool and advance our clusters	50%	Increase in EBITDA Measured at constant currency plan rates	\$820m	\$1,150m	Aligns with our ambition to deliver a US rental growth of two times market rate, together with continued strong margin and RoI performance
2	Amplify Specialty					
3	Advance technology	15%	Operational improvement Improvement in 'cap factor' (pure rental revenue / average original equipment cost) in North America	4.0% by FY24	6.0% by FY24	Reflects ambition to exceed our cap factor performance over the last five years
		15%	Customer: 'Deliver the Perfect Rental' Targeting a reduction in dispute resolution time over the three-year period ending 30 April 2024	6.0% reduction	12.0% reduction	Targets set ahead of past performance, to underpin our focus on customer retention, relationships and response times
4	Lead with ESG	10%	Environment: reduce carbon intensity Aligned directly to our '35x30' goal	11.0% reduction	15.0% reduction	Reflects ESG's critical role to unlocking structural benefits across the Group Targets are aligned with our long-term goal of a 35% reduction by 2030
		10%	Employee: engagement in 2023/24 Maintaining our excellent level of engagement in the US, and expecting other geographies to match it	75%	85%	Our ambition is to set a benchmark for our market, recognising the criticality of an engaged and enthusiastic workforce to Ashtead's continue success
5	Dynamic capital allocation	A consistent application of our capital allocation policy to optimise deployment for the benefit of all stakeholders. Sunbelt 3.0 underpins our focus on value creation for our people, our customers, our communities and our investors				

25% of each element of the Strategic Plan Award will vest at the threshold target and 100% will vest at the stretch target, subject to achieving the EBITDA threshold target. For performance between the threshold and stretch the award is scaled on a straight-line basis.

REMUNERATION REPORT CONTINUED

Single total figure of remuneration (audited information) Non-executive directors

	Fees		Benefits ¹		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Angus Cockburn	100	90	4	-	104	90
Jill Easterbrook	67	60	1	-	68	60
Tanya Fratto	67	60	-	-	67	60
Renata Ribeiro ²	23	-	13	-	36	-
Lucinda Riches	83	75	-	-	83	75
Lindsley Ruth	67	60	-	-	67	60
Paul Walker	383	350	3	-	386	350
	790	695	21	-	811	695

Notes

- Travel, accommodation and subsistence expenditure is met by the Company for Board members to attend meetings of the Board and undertake other activities on behalf of the Company. The benefits figure above includes those amounts where such expenditure has been reimbursed in attending the Group's head office location in London.
- Renata Ribeiro joined the Board during 2021/22. Her fees in relation to 2022 reflect this part-year tenure.

The non-executive directors did not receive any remuneration from the Company in addition to the fees detailed above.

Scheme interests awarded between 1 May 2021 and 30 April 2022 (audited information)

Performance Share Plan

The nil-cost awards made on 6 July 2021 are subject to the rules of the PSP and the achievement of stretching performance conditions, which are set out on page 108, over a three-year period to 30 April 2024. The awards are summarised below:

	Number	Face value of award ¹ '000	Face value of award as % of base salary	% of award vesting for target performance
Brendan Horgan	34,435	\$2,575	250%	32.5%
Michael Pratt	20,679	£1,120	200%	32.5%

Note

- PSP awards were allocated on 6 July 2021 using the closing mid-market share price [5,416p] of Ashtead Group plc on that day and for Brendan Horgan, the closing USD/GBP exchange rate [\$1.3807].

Strategic Plan Award

The nil-cost awards made on 17 September 2021 are subject to the rules of the LTIP and the achievement of stretching performance conditions, which are set out on page 109, over a three-year period to 30 April 2024. The awards are summarised below:

	Number	Face value of award ¹ '000	Face value of award as % of base salary	% of award vesting for threshold performance
Brendan Horgan	44,901	\$3,605	350%	25%
Michael Pratt	24,032	£1,400	250%	25%

Note

- Following the approval of the LTIP plan at the 2021 AGM, Strategic Plan Awards were allocated on 17 September 2021 using the five-day average closing mid-market share price to 15 September 2021 [5,826p] of Ashtead Group plc and, for Brendan Horgan, the closing USD/GBP exchange rate on 16 September 2021 [\$1.3782].

Payments to past directors (audited information)

Geoff Drabble stepped down from the Board on 1 May 2019 and his employment ended on 30 November 2019. As a good leaver, Geoff's outstanding PSP awards were pro-rated to 30 November 2019 in accordance with the PSP rules, subject to normal vesting conditions, details of which are provided in the PSP awards table on page 111. As such, Geoff's maximum number of awards capable of vesting in relation to the 2018 award was 33,716. The 2018 award vested at 94.7% on 6 July 2021.

The total amount paid to past directors in the year as a result of the vesting of this award was £1,766,092 (2021: £2,985,529), including the value of dividend equivalent payments.

In June 2022 the Employee Share Ownership Trust will release 42,097 shares to Geoff Drabble and 5,204 shares to Sat Dhaliwal. These shares were granted under the 2017 PSP award and vested in June 2020 and were required to be held by the former directors for two years from their vesting date.

No payments were made in the current year to past directors of the Company other than the payment to Geoff Drabble as detailed above.

Payments for loss of office (audited information)

During the year there have been no payments made to directors for loss of office.

Statement of executive directors' shareholdings and share interests (audited information)

The executive directors are subject to a minimum shareholding obligation. Under the current Remuneration policy, the chief executive is expected to hold shares at least equal to 500% of base salary and the remaining executive directors are expected to hold shares at least equal to 300% of base salary. As shown below, the executive directors comply with these shareholding requirements.

	Shares held outright at 30 April 2022 ¹	Shares held outright at 30 April 2022 as a % of salary ²	Outstanding unvested plan interests subject to performance measures ³	Total of all share interests and outstanding plan interests at 30 April 2022
Brendan Horgan	440,000	2,483%	210,847	650,847
Michael Pratt	298,691	2,469%	101,166	399,857

There have been no changes in the outstanding share interests of executive directors as of the date of this report.

Notes

- Interests in shares held at 30 April 2022 include shares held by connected persons.
- In calculating shareholding as a percentage of salary, the average share price for the three months ended 30 April 2022, the sterling/dollar exchange rate at 30 April 2022, and the directors' salaries at 1 May 2022, have been used.
- All outstanding plan interests take the form of rights to receive shares.

Performance Share Plan awards

Awards made under the PSP, and those which remain outstanding at 30 April 2022, are shown in the table below:

	Date of grant	Held at 30 April 2021	Exercised during the year	Lapsed during the year	Granted during the year	Held at 30 April 2022
Brendan Horgan	06.07.18	66,801	(63,261)	(3,540)	-	-
	04.07.19	70,600	-	-	-	70,600
	19.06.20	60,911	-	-	-	60,911
	06.07.21	-	-	-	34,435	34,435
Michael Pratt	06.07.18	29,933	(28,347)	(1,586)	-	-
	04.07.19	30,550	-	-	-	30,550
	19.06.20	25,905	-	-	-	25,905
	06.07.21	-	-	-	20,679	20,679
Former directors:						
Geoff Drabble	06.07.18	33,716	(31,929)	(1,787)	-	-

The performance conditions attaching to the PSP awards are detailed on page 108. It is a condition of the PSP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date. The market price of the awards granted during the year was 5,416p on the date of grant.

Strategic Plan Award

Awards made under the LTIP with respect to the Strategic Plan Award, and those which remain outstanding at 30 April 2022, are shown in the table below:

	Date of grant	Held at 30 April 2021	Granted during the year	Held at 30 April 2022
Brendan Horgan	17.09.21	-	44,901	44,901
Michael Pratt	17.09.21	-	24,032	24,032

The performance conditions attaching to the Strategic Plan Award are detailed on page 109. It is a condition of the LTIP awards that directors at the time of the award are required to hold any vested shares for a further two-year period following the vesting date. The five-day average market price used to grant the awards during the year was 5,826p.

REMUNERATION REPORT CONTINUED

Statement of non-executive directors' shareholding (audited information)

As at 30 April 2022, the non-executive directors' interests in ordinary shares of the Company were:

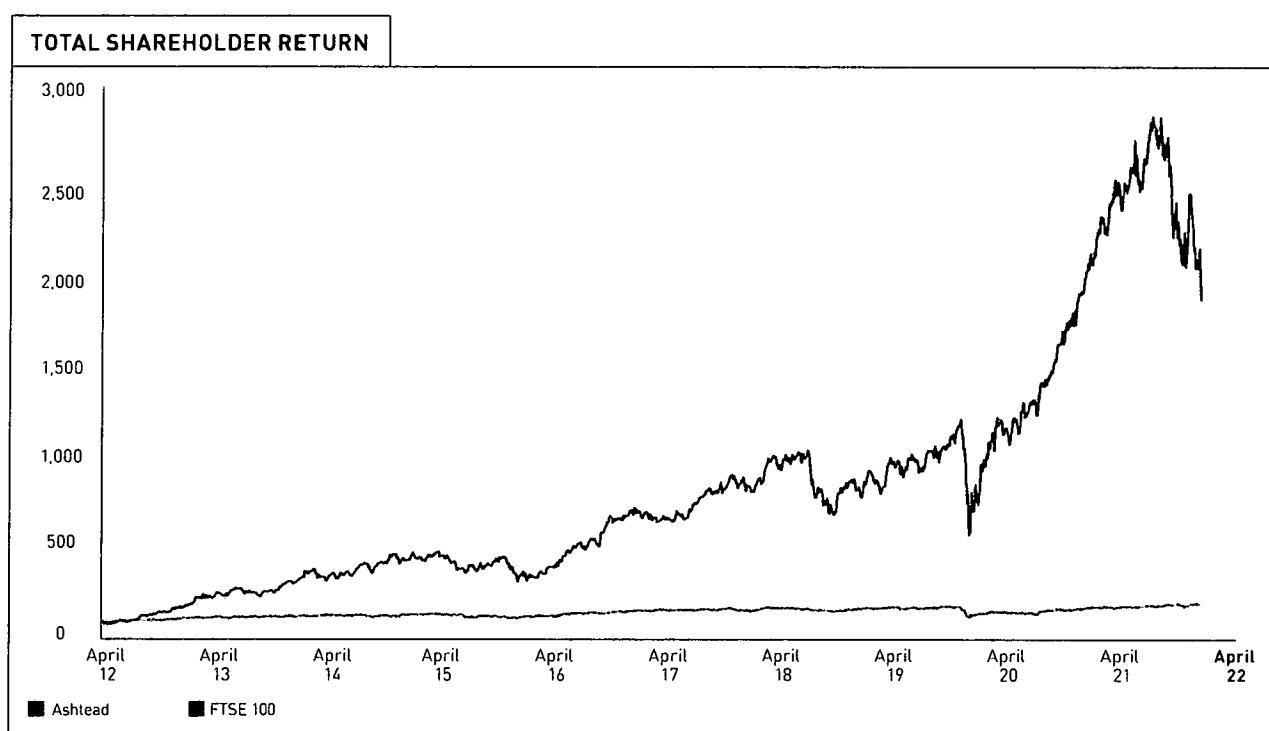
	Number
Paul Walker	14,000
Angus Cockburn	1,000
Jill Easterbrook	-
Tanya Fratto	1,000
Renata Ribeiro	140
Lucinda Riches	5,000
Lindsley Ruth	2,250

The market price of the Company's shares at the end of the financial year was 4,179p and the highest and lowest closing prices during the financial year were 6,450p and 4,168p respectively.

There have been no changes in the outstanding share interests of non-executive directors as of the date of this report.

Performance graph and table

Over the last 10 years the Company has generated an 18-fold total shareholder return ('TSR') which is shown below. The FTSE 100 is the Stock Exchange index the Committee considers to be the most appropriate to the size and scale of the Company's operations over that period.



During the same period, the total remuneration received by the Group chief executive has reflected the strong performance of the business:

	2022	2021 \$'000	2020	2019	2018	2017	2016 €'000	2015	2014	2013
Total remuneration	7,591	7,085	4,281	6,084	5,144	5,461	3,321	4,165	7,272	6,510
Adjusted profit before tax	1,824	1,316	1,343	1,110	927	793	645	490	362	245
Proportion of maximum annual bonus potential awarded	100%	100%	nil%	100%	100%	100%	98%	100%	100%	100%
Proportion of PSP vesting	98.7%	94.7%	100%	100%	100%	100%	97.5%	100%	100%	100%

In 2020, Brendan Horgan was appointed as Group chief executive. The figures for 2013 to 2019 are for the then chief executive, Geoff Drabble. Amounts have been presented in the currency in which the chief executive's pay was denominated.

Percentage change in remuneration of all directors

The table below summarises the percentage change in the annualised remuneration of the Board and the employees of the Group. This information will build up to display a five-year history. For Michael Pratt and the non-executive directors, the percentage change in remuneration is calculated in sterling so as to remove the impact of exchange rate movements.

Brendan Horgan and Michael Pratt both participate in the Deferred Bonus Plan and their annual bonus reflects payments under this plan. Details are provided on page 107.

	% change in salary or fees		% change in benefits		% change in annual bonus	
	2022	2021	2022	2021	2022	2021
Executive directors						
Brendan Horgan	- %	- %	-4%	1%	29%	70%
Michael Pratt	18%	- %	-48%	- %	48%	64%
Non-executive directors						
Angus Cockburn	11%	- %	Note 4	- %	n/a	n/a
Jill Easterbrook ¹	11%	- %	Note 4	- %	n/a	n/a
Tanya Fratto	11%	- %	- %	-100%	n/a	n/a
Renata Ribeiro ²	n/a	n/a	n/a	n/a	n/a	n/a
Lucinda Riches	11%	- %	- %	- %	n/a	n/a
Lindsley Ruth	11%	- %	- %	- %	n/a	n/a
Paul Walker	10%	- %	Note 4	-100%	n/a	n/a
Employees of the Group ³	5%	2%	- %	- %	26%	45%

Notes

- 1 Amounts relating to 2020/21 have been annualised to reflect that Jill Easterbrook joined the Board during 2019/20.
- 2 Renata Ribeiro joined the Board in January 2022 and therefore disclosure is not applicable.
- 3 As required under The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the legislative requirement is to provide a comparison to employees of the parent company. The Group's employees are primarily employed through the Group's main trading companies and as such the analysis above has been prepared on a group-wide basis as this is a more closely aligned comparative group considering the global nature of the Group's business. For the employees of the parent company, the percentage change in salary is 10% (2021: nil%), the percentage change in benefits is nil% (2021: nil%) and the percentage change in annual bonus is 21% (2021: 41%).
- 4 Travel, accommodation and subsistence expenditure is met by the Company for Board members to attend meetings of the Board and undertake other activities on behalf of the Company. Amounts for non-executive directors within the benefits figure includes those amounts where such expenditure has been reimbursed in relation to amounts incurred in attending the Group's head office location in London, details of which are provided in the single total figure of remuneration table for non-executive directors on page 110. Due to COVID-19 travel restrictions in the prior year, there were no comparative figures and therefore a percentage change in benefits cannot be determined.

Relative importance of spend on pay

The following table shows the year-on-year change in returns to shareholders and aggregate staff costs (see Note 4 of the financial statements).

	2021/22 \$m	2020/21 \$m	Change %
Aggregate staff costs	1,830	1,502	22%
Returns to shareholders	768	259	197%

Returns to shareholders include dividends and, in the current year, share buybacks of \$414m. The share buyback programme was paused during 2020/21 due to the COVID-19 pandemic but was recommenced in 2021/22. The Group declared a dividend of 80.0 cents per share (2021: 58.0 cents per share).

REMUNERATION REPORT CONTINUED

Chief executive pay compared to pay of Group employees

Ashtead is a decentralised, store-based business employing c. 22,000 people including drivers, mechanics, yard operatives and sales personnel. We apply the same reward principles across the business. Our overall remuneration packages have to be competitive when compared with similar roles in other organisations against which we compete for talent. Thus, not only do we compete against other rental companies but also, for example, distribution businesses for drivers and mechanics. Accordingly, we consider both rental and other similar businesses when referencing our remuneration levels. For our chief executive, we are referencing a small group of chief executives of major organisations with the skill set to manage a fast-growing, multi-location and international business.

Given this business profile, all the pay ratio reference points compare our chief executive's remuneration with that of store-based employees. Year-to-year movements in the pay ratio will be driven largely by changes in our chief executive's variable pay. These movements will outweigh significantly any other changes in pay across the Group. Whatever the chief executive pay ratio, the Group is committed to continuing to invest in leading remuneration packages for all our employees.

The total pay and benefits of group-wide employees at the 25th, 50th and 75th percentile, and the ratios between the chief executive and these employees using the chief executive's single total remuneration figure for 2021/22 of \$7,591,000 are as follows:

GROUP-WIDE EMPLOYEES ¹							
Year	Method	25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
		Total pay and benefits	Ratio	Total pay and benefits	Ratio	Total pay and benefits	Ratio
2021/22	B	\$63,588	119:1	\$71,210	107:1	\$91,994	83:1
2020/21	B	\$37,338	162:1	\$80,427	75:1	\$92,354	65:1
2019/20	B	\$43,661	86:1	\$59,362	63:1	\$109,167	34:1

UK EMPLOYEES							
Year	Method	25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
		Total pay and benefits	Ratio	Total pay and benefits	Ratio	Total pay and benefits	Ratio
2021/22	B	£24,819	225:1	£31,114	179:1	£35,885	156:1
2020/21	B	£21,143	217:1	£24,763	185:1	£28,297	162:1
2019/20	B	£20,566	144:1	£23,199	127:1	£32,041	92:1

Notes

- Given the nature of the Group's business, with c. 80% of employees based outside of the UK, the Group has additionally prepared the analysis on a group-wide basis.
- The relevant employees at the 25th, 50th and 75th percentile were identified using existing gender pay data (option B) prepared using the latest available data in each year. Due to the nature of the roles undertaken by the identified employees, and based on a review of their pay and benefits, the Company believes that the individuals identified in each year are representative of the 25th, 50th and 75th percentile employees.
- In calculating the total pay and benefits for the employees at the 25th, 50th and 75th percentile, adjustments were made to working hours to reflect a full time equivalent employee.
- The relevant salary components of total pay and benefits for group-wide employees at the 25th, 50th and 75th percentile are \$40,423, \$47,519 and \$59,123 respectively. The relevant salary components of total pay and benefits for UK employees at the 25th, 50th and 75th percentile are £23,819, £30,144 and £34,885 respectively.

The Group chief executive's remuneration has a significant weighting towards variable pay to align his remuneration with Company performance and as such, his total single figure will vary considerably from year to year depending on the performance of the Group. Consequently, the increase in the CEO pay ratios between 2020/21 and 2021/22 is primarily a result of the increase in the chief executive's variable remuneration due to the increase in the Group's share price impacting the value of PSPs vesting and due to the fact he received no bonus in relation to the prior year (other than the brought forward amount under the DBP in relation to previous years) whereas in the current year, the chief executive has received a full bonus payment.

Further details as to how we seek to reward our employees are provided on page 60.

External appointments

The Company recognises that executive directors may be invited to become non-executive directors of other companies and that these appointments can broaden their knowledge and experience to the benefit of the Company. Subject to Board approval, executive directors may take up external appointments and the Group policy is for the individual director to retain any fee.

During the year under review, neither executive director held an external Board appointment.

Remuneration for the year commencing 1 May 2022

Basic salary

Salary with effect from 1 May 2022:

Brendan Horgan	\$1,081,500
Michael Pratt	£588,000

Benefits

Benefits will continue to be applied as per the policy and application in previous years.

Retirement benefits

Retirement benefits will be applied in accordance with the policy.

Deferred Bonus Plan

Brendan Horgan and Michael Pratt participate in the DBP. The maximum annual bonus opportunities as a percentage of salary are unchanged at 200% for Brendan Horgan and 150% for Michael Pratt. The performance measures are adjusted Group profit before tax and free cash flow. The specific targets set are deemed to be commercially sensitive but full disclosure will be provided on a retrospective basis at the year-end.

Long-Term Incentive Plan

A 2022 LTIP award will be made as follows:

	Value of 2022 award '000	Basis of award % of salary
Brendan Horgan	\$3,785	350%
Michael Pratt	£1,323	225%

These awards are based on the directors' salaries as at 1 May 2022. Performance targets remain unchanged from the prior year.

Non-executive fees

Following increases made on 1 January 2022, annual fees for the chair and non-executive directors will remain unchanged as at 1 May 2022 as follows:

Paul Walker	£450,000
Angus Cockburn	£120,000
Jill Easterbrook	£80,000
Tanya Fratto	£80,000
Renata Ribeiro	£80,000
Lucinda Riches	£100,000
Lindsley Ruth	£80,000

For non-executive directors, fees comprise a base fee of £80,000, with a supplemental fee of £20,000 for each committee chair and a supplemental fee of £20,000 for the senior independent director.

Consideration by the directors of matters relating to directors' remuneration

The Company has established a Remuneration Committee ('the Committee') in accordance with the recommendations of the UK Corporate Governance Code.

None of the Committee members has any personal financial interests, other than as shareholders, in the matters to be decided. None of the members of the Committee is or has been at any time one of the Company's executive directors or an employee. None of the executive directors serves, or has served, as a member of the board of directors of any other company which has one or more of its executive directors serving on the Company's Board or Remuneration Committee.

The Group's chief executive normally attends the meetings of the Committee to advise on operational aspects of the implementation of existing policies and policy proposals, except where his own remuneration is concerned, as does the non-executive chair, Paul Walker. Eric Watkins acts as secretary to the Committee. Under Lucinda Riches' direction, the company secretary and Group chief executive have responsibility for ensuring the Committee has the information relevant to its deliberations.

In formulating its policies, the Committee has access to professional advice from outside the Company, as required, and to publicly available reports and statistics. Following a competitive tender process in 2019/20, the Committee appointed Mercer Limited ('Mercer') to provide independent remuneration advice. Following the departure of its remuneration advisers from Mercer to Ellason LLP ('Ellason'), the Committee appointed Ellason as its independent remuneration advisers with effect from 1 January 2021. Ellason is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration in the UK. The fees paid to Ellason for professional advice on remuneration during the year totalled £29,949 and were charged on a time incurred basis. Ellason does not provide any other services to the Company and the Committee is satisfied that Ellason is independent of both the Company and individual directors.

REMUNERATION REPORT CONTINUED

Main responsibilities of the Remuneration Committee

The principal duties of the Committee are:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- ensuring that executive management is provided with appropriate incentives to encourage enhanced performance in a fair and responsible manner;
- reviewing and determining the total remuneration packages for each executive director including bonuses and incentive plans;
- determining the policy for the scope of pension arrangements, service agreements, termination payments and compensation commitments for each of the executive directors; and
- ensuring compliance with all statutory and regulatory provisions

Summary of the Committee's work during the year

The principal matters addressed during the year were:

- determining and agreeing with the Board the framework and policy for the remuneration of the executive directors and senior employees;
- assessment of the achievement of the executive directors against their Deferred Bonus Plan objectives;
- setting Deferred Bonus Plan performance targets for the year;
- assessment of performance for the vesting of the 2018 PSP awards;
- seeking shareholder approval at the 2021 AGM for the Directors' remuneration policy;
- granting 2021 PSP and Strategic Plan Awards and setting the performance targets attaching thereto;
- reviewing executive base salaries; and
- approving the Directors' remuneration report for the year ended 30 April 2021.

Shareholder voting

An ordinary resolution concerning the Directors' remuneration report will be put to shareholders at the forthcoming AGM.

Ashtead is committed to ongoing shareholder dialogue and considers carefully voting outcomes. The Committee gained a full understanding of the views of shareholders and the main shareholder representative bodies through an extensive consultation process around the 2021 Remuneration policy. The feedback on the policy has been and will continue to be taken into account in the implementation of the policy as detailed on page 97.

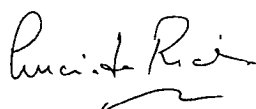
The following table sets out the voting results in respect of previous remuneration resolutions:

	For	Against
2020/21 Directors' Annual Report on remuneration ¹	64%	36%
2020/21 Directors' remuneration policy ²	61%	39%

1 2,686,595 votes were withheld (c. 1% of share capital) out of total votes cast of 335,896,825 in relation to the 2020/21 Directors' remuneration report at the 2021 AGM.

2 34,868,385 votes were withheld (c. 10% of share capital) out of total votes cast of 303,715,038 in relation to the 2020/21 directors' Remuneration policy at the 2021 AGM.

This report has been approved by the Remuneration Committee and is signed on its behalf by:



LUCINDA RICHES

Chair of the Remuneration Committee

13 June 2022

OTHER STATUTORY DISCLOSURES

Pages 80 to 120 inclusive (together with the sections of the Annual Report incorporated by reference) form part of the Directors' report.

Other information, which forms part of the Directors' report, can be found in the following sections of the Annual Report:

	Location
Acquisitions	Financial statements – Note 27
Audit Committee report	Pages 91 to 95
Board and committee membership	Pages 82 and 83
Corporate governance report	Pages 84 to 90
Directors' biographies	Pages 82 and 83
Directors' responsibility statement	Page 120
Events after the balance sheet date	Financial statements – Note 30
Financial risk management	Financial statements – Note 25
Future developments	Page 51
Greenhouse gas emissions	Pages 65 and 66
Nomination Committee report	Page 96
Other statutory disclosures	Pages 117 to 119
Our people	Pages 56 to 63
Pension schemes	Financial statements – Note 24
Results and dividends	Pages 45 to 51
Share capital	Financial statements – Note 22
Social responsibility	Pages 68 to 71

SHARE CAPITAL AND MAJOR SHAREHOLDERS

Details of the Company's share capital are given in Note 22 to the financial statements.

Acquisition of own shares

At the 2021 Annual General Meeting ('AGM'), the Company was authorised to make market purchases of up to c. 67m ordinary shares. The Company acquired 5.7m (1.25% of total issued share capital) shares under this authority during the year. This authority will expire on the earlier of the next AGM of the Company or 16 December 2022.

A special resolution will be proposed at this year's AGM to authorise the Company to make market purchases of up to 66m ordinary shares.

Voting rights

Subject to the Articles of Association, every member who is present in person at a general meeting shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Trustees of the Employee Share Ownership Trust ordinarily follow the guidelines issued by the Association of British Insurers and do not exercise their right to vote at general meetings.

Under the Companies Act 2006, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and speak and vote on their behalf at a general meeting or any class of meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A corporate member may appoint one or more individuals to act on its behalf at a general meeting or any class of meeting as a corporate representative. The deadline for the exercise of voting rights is as stated in the notice of the relevant meeting.

Transfer of shares

Certified shares

- (i) Transfers may be in favour of more than four joint holders, but the directors can refuse to register such a transfer.
- (ii) The share transfer form must be delivered to the registered office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the Company was not required to, and did not send, a certificate. The directors can also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the shares is entitled to do so.

CREST shares

- (i) Registration of CREST shares can be refused in the circumstances set out in the Uncertificated Securities Regulations.
- (ii) Transfers cannot be in favour of more than four joint holders..

Significant shareholders

Based on notifications received, the holdings of 3% or more of the issued share capital of the Company as at 10 June 2022 (the latest practicable date before approval of the financial statements) are as follows:

	%
BlackRock, Inc.	5%

Details of directors' interests in the Company's ordinary share capital and in options over that share capital are given in the Directors' remuneration report on pages 97 to 116. Details of all shares subject to option are given in the notes to the financial statements on page 152.

OTHER STATUTORY DISCLOSURES CONTINUED

CHANGE OF CONTROL PROVISIONS IN LOAN AGREEMENTS

A change in control of the Company (defined, inter alia, as a person or a group of persons acting in concert gaining control of more than 30% of the Company's voting rights) leads to an immediate event of default under the Company's asset-based senior lending facility. In such circumstances, the agent for the lending group may, and if so directed by more than 50% of the lenders shall, declare the amounts outstanding under the facility immediately due and payable.

Such a change of control also leads to an obligation, within 30 days of the change in control, for the Group to make an offer to the holders of the Group's \$550m senior secured notes, due 2026, \$600m senior secured notes, due 2027, \$600m senior secured notes, due 2028, \$600m senior secured notes, due 2029 and \$750m senior secured notes, due 2031, to redeem them at 101% of their face value.

APPOINTMENT AND REMOVAL OF DIRECTORS

Unless determined otherwise by ordinary resolution, the Company is required to have a minimum of two directors and a maximum of 15 directors (disregarding alternate directors).

The directors are not required to hold any shares in the Company by the Articles of Association.

The Board can appoint any person to be a director. Any person appointed as a director by the Board must retire from office at the first AGM after appointment. A director who retires in this way is then eligible for re-appointment.

The Articles state that each director must retire from office if he held office at the time of the two preceding AGMs and did not retire at either of them. In accordance with the UK Corporate Governance Code, all directors are subject to annual election by the shareholders.

In addition to any power to remove directors conferred by legislation, the Company can pass a special resolution to remove a director from office even though his time in office has not ended and can appoint a person to replace a director who has been removed in this way by passing an ordinary resolution.

Any director stops being a director if (i) he gives the Company written notice of his resignation; (ii) he gives the Company written notice in which he offers to resign and the directors decide to accept this offer; (iii) all the other directors (who must comprise at least three people) pass a resolution or sign a written notice requiring the director to resign; (iv) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; (v) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; (vi) he has missed directors' meetings (whether or not an alternate director appointed by him attends those meetings) for a continuous period of six months without permission from the directors and the

directors pass a resolution removing the director from office; (vii) a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally; (viii) he is prohibited from being a director under the legislation; or (ix) he ceases to be a director under the legislation or he is removed from office under the Articles of Association.

POWERS OF THE DIRECTORS

Subject to the legislation, the Articles of Association and any authority given to the Company in a general meeting by special resolution, the business of the Company is managed by the Board of directors that can use all of the Company's powers to borrow money and to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other security and to give security, either outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

DIRECTORS AND DIRECTORS' INSURANCE

Details of the directors of the Company are given on pages 82 and 83. The policies related to their appointment and replacement are detailed on pages 88, 96 and 118. Each of the directors as at the date of approval of this report confirms, as required by section 418 of the Companies Act 2006 that to the best of their knowledge and belief:

- (1) there is no relevant audit information of which the Company's auditor is unaware; and
- (2) each director has taken all the steps that he ought to have taken to make himself aware of such information and to establish that the Company's auditor is aware of it.

The Company has maintained insurance throughout the year to cover all directors against liabilities in relation to the Company and its subsidiary undertakings.

AMENDMENT OF ARTICLES OF ASSOCIATION

The Articles of Association of the Company may be amended by a special resolution.

POLICY ON PAYMENT OF SUPPLIERS

Suppliers are paid in accordance with the individual payment terms agreed with each of them. The number of Group creditor days at 30 April 2022 was 43 days (30 April 2021: 40 days) which reflects the terms agreed with individual suppliers. There were no trade creditors in the Company's balance sheet at any time during the past two years.

POLITICAL AND CHARITABLE DONATIONS

Charitable donations in the year amounted to \$1,686,140 in total (2021: \$1,609,679). No political donations were made in either year.

DISCLOSURES REQUIRED BY LISTING RULE 9.8.4R

The relevant disclosure concerning dividend waiver can be found on page 152. The remaining disclosures required by Listing Rule 9.8.4R are not applicable to the Company.

GOING CONCERN

After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and consequently, that it is appropriate to adopt the going concern basis in preparing the financial statements.

AUDITOR

Deloitte LLP has indicated its willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution concerning its reappointment and authorising the directors to fix its remuneration, will be proposed at the AGM.

ANNUAL GENERAL MEETING

The AGM will be held at 11.30am on Tuesday, 6 September 2022 at Wax Chandlers Hall, 6 Gresham Street, London EC2V 7AD. An explanation of the business to be transacted at the AGM will be circulated to shareholders and will be available on the Company's corporate website.

APPROVAL OF THE DIRECTORS' REPORT

The Directors' report set out on pages 80 to 120 was approved by the Board on 13 June 2022 and has been signed by the Company secretary on its behalf.


ERIC WATKINS

Company secretary
13 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group's position, performance, business model and strategy.

By order of the Board



ERIC WATKINS

Company secretary
13 June 2022

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion:

- the financial statements of Ashtead Group plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and Company balance sheets;
- the Consolidated and Company statements of changes in equity;
- the Consolidated and Company cash flow statements; and
- the related Notes 1 to 33, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in Note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none">– carrying value of rental fleet;– revenue recognition – manual top-side intervention. <p>We consider the level of risks for all identified key audit matters to be similar to the previous year.</p>
Materiality	<p>The materiality that we used for the Group financial statements was \$65.7m, which was determined on the basis of the three-year average (FY20, FY21, FY22) profit before tax.</p>
Scoping	<p>Consistent with previous years, we performed audit work at three (2021: three) components: Group head office, Sunbelt UK, and Sunbelt US. We also performed review procedures over the financial information of the fourth component, Sunbelt Canada, consistent with the previous year.</p>
Significant changes in our approach	<p>There were no significant changes in our audit approach in the current year.</p>

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the relevant controls relating to the Group's forecasting process;
- evaluating the mechanical accuracy of the model used to prepare the Group's forecast;
- assessing the Group's facility agreements and bond documentation to understand the principal terms and the related financial covenant; and

- challenging management on the appropriateness of forecast assumptions by:
 - assessing key assumptions underpinning the Group's forecasts with reference to external data such as GDP growth rates and market forecast data from third party sources;
 - considering the impact of the economic environment and the political landscape, including supply chain constraints, on end markets;
 - assessing the likelihood of the assumptions in the forecasts and the impact of reasonably possible downside scenarios on the Group's funding position;
 - assessing the extent of the downside required in order to trigger the fixed charge ratio covenant;
 - comparing forecasts to historical financial information to assess management's historical forecasting accuracy; and
 - assessing capital commitments made by the Group as well as the mitigating actions available to the Group, the feasibility of these, and the likelihood of positive impact in the next 12 months, if these actions are taken.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Carrying value of rental fleet

Key audit matter description	<p>As set out in Note 13, the Group holds \$13.5bn (2021: \$11.9bn) of rental fleet at cost (\$7.8bn net book value (2021: \$6.9bn net book value)). These assets represent 51% (2021: 54%) of the Group's gross assets. The movement in the balance from prior year is due to a \$2.5bn increase in the balance from additions and acquisitions, offset in part by disposals and depreciation of \$1.5bn and foreign exchange movements of \$0.1bn. The increase can largely be attributed to the level of the Group's capital expenditure and the acquisitions occurring during the period.</p> <p>There is a risk that an impairment required to the Group's rental fleet under IAS 36 Impairment of Assets is not identified, properly quantified or recorded and that the carrying value of the rental fleet assets is therefore misstated.</p> <p>The Group's accounting policy as disclosed in Note 2 sets out that the assets are recorded at cost (including transportation costs from the manufacturer to the initial rental location), less accumulated depreciation and any provisions for impairment. The Group's approach for estimating the useful lives and residual values is also explained.</p> <p>As described in the Audit Committee report on page 93, management undertakes an annual review of the appropriateness of the useful lives and residual values assigned to property, plant and equipment, including the rental fleet, and assesses whether they continue to be appropriate and whether there are any indicators of impairment.</p> <p>Management's assessment of carrying values is based on a long-term assessment, as at the balance sheet date, over the economic cycle given the nature of the assets.</p>
How the scope of our audit responded to the key audit matter	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <ul style="list-style-type: none"> – obtained an understanding and tested controls over the impairment review, and in particular, the identification of impairment indicators; – obtained and evaluated the assessment performed by management to identify impairment indicators, including the consistency of these with the requirements of IAS 36 Impairment of Assets; – challenged the key judgements underpinning the assessment and the impact that each of these has in determining whether an impairment exists, including consideration of contradictory evidence. In particular, we focused our testing on returns on investment by asset class, considerations of specific markets, fleet utilisation, useful lives and profits recorded on asset disposals; – considered and challenged the impact of the economic environment and the political landscape, including supply chain constraints, on second-hand markets and end markets, through corroboration to external data; and – assessed whether the accounting for the rental fleet and associated disclosures were in line with the Group's accounting policies and IAS 36.
Key observations	<p>We consider that management's consideration of carrying values, including useful lives and residual values, is appropriate for the purposes of the impairment assessment. As a result of the audit work performed, we are satisfied that the carrying value of the rental fleet is appropriate.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSTEAD GROUP PLC CONTINUED

5.2 Revenue recognition - manual top-side intervention

Key audit matter description	<p>As disclosed in the Group's accounting policy note [Note 2], the Group has three main sources of revenue:</p> <ul style="list-style-type: none"> – rental revenue of \$7,235m (2021: \$5,902m), including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection; – revenue from the sale of new equipment, merchandise and consumables of \$387m (2021: \$348m); and – revenue from the sale of used rental equipment of \$340m (2021: \$389m). <p>We identified a risk of misstatement arising from management intervention, whether due to fraud or error, through top-side manual journals to revenue. Through our risk assessment procedures performed, in the current period, no manual journals were identified in the UK that indicated that inappropriate manual top-side intervention had occurred and therefore the Sunbelt US component, which represents 81% of the Group's revenue was the focus area of our testing.</p>
How the scope of our audit responded to the key audit matter	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <ul style="list-style-type: none"> – obtained an understanding and tested the relevant controls over the revenue cycle throughout the Group, with a particular focus on those controls relating to manual journal entries, including the classification of journals as manual; – at Sunbelt US, performed a detailed assessment by depot, analysing revenue trends to identify any outliers and instances of potential management intervention with consideration of revenue recognised by store compared to the level of fleet on hand; and – used data analytics to identify a sub-population from manual top-side adjustments impacting the revenue balance exhibiting characteristics of audit interest. We then performed testing on a sample basis of entries from this sub-population, agreeing adjustments to supporting documentation in order to assess the accuracy and appropriateness of the journal postings.
Key observations	As a result of the procedures performed, we are satisfied that revenue recorded is appropriate.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	\$65.7m (2021: \$65.4m, retranslated from £48.1m, as a result of the change in presentational currency as disclosed in Note 2 to the financial statements).	£24.8m (2021: £24.1m)
Basis for determining materiality	In determining our materiality, we took a three-year average profit before tax and applied a benchmark of 4.7% to arrive at materiality. This approach is consistent with the approach adopted in the prior year.	3% of the Company's net assets capped at 50% of Group materiality. This approach is consistent with the approach adopted in the prior year.
Rationale for the benchmark applied	Profit before tax has been used as it is the primary measure of performance used by the Group. We have used average reported profit before tax over the past three years to reflect the cyclical nature of the industry in which the Group operates.	As the Company is a holding company, we consider net assets to be the most appropriate benchmark due to the entity being the shareholder of multiple trading entities. We have applied a cap of 50% of the Group materiality to the benchmark.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	70% (2021: 70%) of Group materiality	70% (2021: 70%) of Company materiality
Basis and rationale for determining performance materiality	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> – our cumulative knowledge of the Group, including the nature, quantum and volume of corrected and uncorrected misstatements in prior periods; and – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes in Sunbelt US and Sunbelt UK. 	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$3.3m (2021: \$3.2m, retranslated from £2.4m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Audit work to respond to the risks of material misstatement consisted of a combination of work performed by separate component teams in the UK and US as well as the Group audit team in the UK.

The Group comprises four (2021: four) principal components: the Head Office in the UK; Sunbelt UK; Sunbelt US; and Sunbelt Canada. The Group audit team performed a full-scope audit of the Head Office component; local component audit teams performed full-scope audits for both Sunbelt UK and Sunbelt US and review procedures over the financial information for Sunbelt Canada, consistent with the prior year approach.

The three components for which we performed full audit procedures represent 94% (2021: 94%) of the Group's revenue, 95% (2021: 96%) of the Group's operating profit, and 91% (2021: 91%) of the Group's net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatements identified above. Our audit work at the three locations was executed at levels of materiality applicable to each individual location, which were lower than Group materiality and ranged from \$23.0m to \$41.4m.

The Sunbelt US component team also performed a review of the financial information of the operations in Sunbelt Canada to component materiality, which represents 6% (2021: 6%) of the Group's revenue, 5% (2021: 4%) of the Group's operating profit and 9% (2021: 8%) of the Group's net assets.

7.2 Our consideration of the control environment

In line with our scoping of components (refer to section 7.1), our work in relation to the Group's control environment focused on Sunbelt US as the Group's largest component and we evaluated both the business cycle controls and general IT controls ('GITCs').

In order to evaluate business cycle controls, we performed walkthrough procedures over key cycles in Sunbelt US and Sunbelt UK, including the key risk areas of revenue and property, plant and equipment (rental fleet), to understand whether the control was effectively designed to address the related risk. We then performed testing of the controls across the audit period on a rotational basis, to determine whether the controls had operated effectively as designed.

In relation to GITCs, for both the Sunbelt US and UK components, we performed an independent risk assessment of the systems, applications and tools used to support business processes and reporting to determine those which are of greatest relevance to the Group's financial reporting. We performed testing of GITCs of these systems, covering controls surrounding user access management, change management and interfaces with other systems relating to in-scope IT systems as well as controls over key reports generated from the IT systems and their supporting infrastructure (database and operating system).

Our procedures enabled us, as planned, to place reliance on business cycle controls and GITCs within Sunbelt US and Sunbelt UK. In the US, we relied on these controls in our audit testing across expenditure (including payroll), property, plant, and equipment (rental fleet), revenue, treasury, customer rebates and journal entries. In the UK, we relied on these controls in our audit testing of impairment of fixed assets and revenue.

7.3 Our consideration of climate-related risks

Through the Group's risk management process it has assessed relevant climate-related risks for the entity. The risks identified were primarily related to the Group's environmental principal risk, being management's commitment to reduce the Group's carbon intensity. The risks are disclosed within the Task Force on Climate-related Financial Disclosures ('TCFD') statement on pages 73 to 75 of the Annual Report.

We obtained an understanding of management's process for considering the impact of climate-related risks. We evaluated these risks to assess whether they were complete and consistent with our understanding of the entity and our wider risk assessment procedures.

Our procedures to address the identified risks included considering their impact on the financial statements overall, including the application of individual accounting standards. We have read the TCFD recommended disclosures within the Annual Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4 Working with other auditors

Throughout the year, members of the Group audit team, including the lead audit partner, held group-wide and individual planning and close meetings that covered all components. We supervised and directed our component teams, including discussing the audit work performed. We also reviewed the audit work papers supporting the component teams' reporting to us remotely using shared desktop technology where appropriate. We visited our US component during the year-end period to supervise work performed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC CONTINUED

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

11.1 Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal legal counsel and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included UK and North America Health and Safety legislation.

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition – manual top-side intervention as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Group's performance standards function (which is responsible for assessing store compliance with operating policies), the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Report on other legal and regulatory requirements

12.1 Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

13. Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 119;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 39;
- the directors' statement on fair, balanced and understandable set out on page 94;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 34 and 35;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 89 and 90; and
- the section describing the work of the Audit Committee set out on pages 91 to 95.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHTEAD GROUP PLC CONTINUED

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of directors in 2004 to audit the financial statements for the year ending 30 April 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 19 years, covering the years ending 30 April 2004 to 30 April 2022.

15.2 Consistency of the Audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



WILLIAM SMITH

[Senior statutory auditor]
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
13 June 2022

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

for the year ended 30 April 2022

	Notes	2022			2021		
		Before exceptional items and amortisation \$m	Exceptional items and amortisation \$m	Total \$m	Before amortisation \$m (restated ²)	Amortisation \$m (restated ²)	Total \$m (restated ²)
Revenue							
Rental revenue		7,234.7	-	7,234.7	5,901.6	-	5,901.6
Sale of new equipment, merchandise and consumables		387.2	-	387.2	347.7	-	347.7
Sale of used rental equipment		340.4	-	340.4	389.3	-	389.3
		7,962.3	-	7,962.3	6,638.6	-	6,638.6
Operating costs							
Staff costs	4	(1,830.5)	-	(1,830.5)	(1,501.5)	-	(1,501.5)
Other operating costs	4	(2,260.9)	-	(2,260.9)	(1,735.9)	-	(1,735.9)
Used rental equipment sold	4	(261.5)	-	(261.5)	(364.4)	-	(364.4)
		(4,352.9)	-	(4,352.9)	(3,601.8)	-	(3,601.8)
EBITDA¹		3,609.4	-	3,609.4	3,036.8	-	3,036.8
Depreciation	4	(1,553.0)	-	(1,553.0)	(1,457.6)	-	(1,457.6)
Amortisation of intangibles	4, 5	-	(108.6)	(108.6)	-	(81.2)	(81.2)
Operating profit	3, 4	2,056.4	(108.6)	1,947.8	1,579.2	(81.2)	1,498.0
Interest income	6	0.1	-	0.1	-	-	-
Interest expense	5, 6	(232.7)	(47.1)	(279.8)	(262.9)	-	(262.9)
Profit on ordinary activities before taxation		1,823.8	(155.7)	1,668.1	1,316.3	(81.2)	1,235.1
Taxation	7, 21	(456.3)	39.3	(417.0)	(335.0)	20.0	(315.0)
Profit attributable to equity holders of the Company		1,367.5	(116.4)	1,251.1	981.3	(61.2)	920.1
Basic earnings per share	8	307.1¢	(26.2¢)	280.9¢	219.1¢	(13.7¢)	205.4¢
Diluted earnings per share	8	305.8¢	(26.1¢)	279.7¢	218.4¢	(13.6¢)	204.8¢

1 EBITDA is presented here as an alternative performance measure as it is commonly used by investors and lenders. Further details are provided in the Glossary of Terms on page 169.

2 All comparative information has been restated for presentation in US dollars. For more information, see Note 2.

All revenue and profit for the year is generated from continuing operations.

Consolidated statement of comprehensive income

for the year ended 30 April 2022

	Note	2022 \$m	2021 \$m (restated)
Profit attributable to equity holders of the Company for the financial year		1,251.1	920.1
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit pension plan	24	11.4	18.4
Tax on defined benefit pension plan		(2.7)	(3.7)
		8.7	14.7
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(92.7)	76.8
Total other comprehensive income for the year		(84.0)	91.5
Total comprehensive income for the year		1,167.1	1,011.6

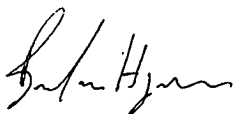
CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated balance sheet

at 30 April 2022

	Notes	2022 \$m	2021 \$m (restated)	2020 \$m (restated)
Current assets				
Inventories	10	168.5	102.2	105.0
Trade and other receivables	11	1,390.4	1,083.7	1,036.1
Current tax asset		7.2	18.4	41.3
Cash and cash equivalents	12	15.3	26.6	304.4
		1,581.4	1,230.9	1,486.8
Non-current assets				
Property, plant and equipment				
– rental equipment	13	7,814.3	6,908.9	7,429.2
– other assets	13	1,078.3	867.2	893.9
		8,892.6	7,776.1	8,323.1
Right-of-use assets	14	1,864.8	1,545.9	1,372.7
Goodwill	15	2,300.0	1,796.1	1,690.6
Other intangible assets	15	475.3	387.3	411.3
Other non-current assets	16	157.5	95.5	–
Net defined benefit pension plan asset	24	18.5	6.2	–
		13,708.7	11,607.1	11,797.7
Total assets		15,290.1	12,838.0	13,284.5
Current liabilities				
Trade and other payables	17	1,197.1	819.5	724.9
Current tax liability		20.2	5.7	2.8
Lease liabilities	18	188.6	168.7	133.6
Provisions	20	68.8	54.0	67.7
		1,474.7	1,047.9	929.0
Non-current liabilities				
Lease liabilities	18	1,806.6	1,464.6	1,269.2
Long-term borrowings	19	5,180.1	4,194.0	5,666.0
Provisions	20	68.0	61.0	49.0
Deferred tax liabilities	21	1,695.4	1,514.2	1,607.3
Other non-current liabilities		31.6	30.8	–
Net defined benefit pension plan liability	24	–	–	15.3
		8,781.7	7,264.6	8,606.8
Total liabilities		10,256.4	8,312.5	9,535.8
Equity				
Share capital	22	81.8	81.8	82.3
Share premium account		6.5	6.5	6.5
Capital redemption reserve		20.0	20.0	19.5
Own shares held by the Company	22	(480.1)	(66.2)	(149.7)
Own shares held through the ESOT	22	(44.9)	(36.8)	(36.0)
Cumulative foreign exchange translation differences		(226.7)	(134.0)	(210.8)
Retained reserves		5,677.1	4,654.2	4,036.9
Equity attributable to equity holders of the Company		5,033.7	4,525.5	3,748.7
Total liabilities and equity		15,290.1	12,838.0	13,284.5

These financial statements were approved by the Board on 13 June 2022.



BRENDAN HORGAN
Chief executive



MICHAEL PRATT
Chief financial officer

Consolidated statement of changes in equity

for the year ended 30 April 2022

	Share capital \$m	Share premium account \$m	Capital redemption reserve \$m	Own shares held by the Company \$m	Own shares held through the ESOT \$m	Cumulative foreign exchange translation differences \$m	Retained reserves \$m	Total \$m
At 1 May 2020 (restated)	82.3	6.5	19.5	(149.7)	(36.0)	(210.8)	4,036.9	3,748.7
Profit for the year	-	-	-	-	-	-	920.1	920.1
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	76.8	-	76.8
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	18.4	18.4
Tax on defined benefit pension plan	-	-	-	-	-	-	(3.7)	(3.7)
Total comprehensive income for the year	-	-	-	-	-	76.8	934.8	1,011.6
Dividends paid	-	-	-	-	-	-	(239.1)	(239.1)
Own shares purchased by the ESOT	-	-	-	-	(15.5)	-	-	(15.5)
Share-based payments	-	-	-	-	14.7	-	(5.2)	9.5
Tax on share-based payments	-	-	-	-	-	-	10.3	10.3
Cancellation of shares	(0.5)	-	0.5	83.5	-	-	(83.5)	-
At 30 April 2021 (restated)	81.8	6.5	20.0	(66.2)	(36.8)	(134.0)	4,654.2	4,525.5
Profit for the year	-	-	-	-	-	-	1,251.1	1,251.1
Other comprehensive income:								
Foreign currency translation differences	-	-	-	-	-	(92.7)	-	(92.7)
Remeasurement of the defined benefit pension plan	-	-	-	-	-	-	11.4	11.4
Tax on defined benefit pension plan	-	-	-	-	-	-	(2.7)	(2.7)
Total comprehensive income for the year	-	-	-	-	-	(92.7)	1,259.8	1,167.1
Dividends paid	-	-	-	-	-	-	(271.5)	(271.5)
Own shares purchased by the ESOT	-	-	-	-	(23.8)	-	-	(23.8)
Own shares purchased by the Company	-	-	-	(413.9)	-	-	-	(413.9)
Share-based payments	-	-	-	-	15.7	-	32.4	48.1
Tax on share-based payments	-	-	-	-	-	-	2.2	2.2
At 30 April 2022	81.8	6.5	20.0	(480.1)	(44.9)	(226.7)	5,677.1	5,033.7

CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated cash flow statement

for the year ended 30 April 2022

	Notes	2022 \$m	2021 \$m (restated)
Cash flows from operating activities			
Cash generated from operations before changes in rental equipment	26(a)	3,406.5	3,017.0
Payments for rental property, plant and equipment		(1,765.4)	(817.0)
Proceeds from disposal of rental property, plant and equipment		343.8	384.7
Cash generated from operations		1,984.9	2,584.7
Financing costs paid (net)		(231.1)	(254.9)
Exceptional financing costs paid		(36.0)	-
Tax paid (net)		(218.8)	(387.6)
Net cash generated from operating activities		1,499.0	1,942.2
Cash flows from investing activities			
Acquisition of businesses	26(b)	(1,277.4)	(195.1)
Financial asset investments		(40.0)	-
Payments for non-rental property, plant and equipment		(398.4)	(138.3)
Proceeds from disposal of non-rental property, plant and equipment		24.8	18.3
Net cash used in investing activities		(1,691.0)	(315.1)
Cash flows from financing activities			
Drawdown of loans		3,054.5	643.4
Redemption of loans		(2,062.7)	(2,228.4)
Repayment of principal under lease liabilities		(107.6)	(73.9)
Dividends paid		(269.3)	(235.5)
Purchase of own shares by the ESOT		(23.8)	(15.5)
Purchase of own shares by the Company		(409.6)	-
Net cash generated from/(used in) financing activities		181.5	(1,909.9)
Decrease in cash and cash equivalents		(10.5)	(282.8)
Opening cash and cash equivalents		26.6	304.4
Effect of exchange rate differences		(0.8)	5.0
Closing cash and cash equivalents		15.3	26.6
	Notes	2022 \$m	2021 \$m
Reconciliation of net cash flows to net debt			
Decrease in cash and cash equivalents in the period		10.5	282.8
Increase/(decrease) in debt through cash flow		884.2	(1,658.9)
Change in net debt from cash flows		894.7	(1,376.1)
Exchange differences		(47.1)	129.3
Debt acquired		131.7	25.2
Non-cash movements:			
- deferred costs of debt raising		18.0	11.0
- new lease liabilities		362.0	246.9
Increase/(decrease) in net debt in the period		1,359.3	(963.7)
Net debt at 1 May		5,800.7	6,764.4
Net debt at 30 April	26(c)	7,160.0	5,800.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ashtead Group plc ('the Company') is a company incorporated and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements are presented in US dollars.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies.

On 1 May 2021, the Group changed its reporting currency from sterling to US dollars to provide greater transparency in the Group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures, given that c. 80% of the Group's revenue and c. 90% of the Group's operating profit originate in US dollars. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentational currency was applied retrospectively and accordingly, prior year comparatives have been restated.

Financial information included in the consolidated financial statements for years ended 30 April 2021 and 2020 has been restated in US dollars as follows:

- assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange ruling at the relevant balance sheet date;
- non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;
- share capital, share premium and all other equity items were translated at the historical rates prevailing at 1 May 2004, the date of transition to IFRS, or the subsequent rates prevailing on the date of each relevant transaction; and
- the cumulative foreign exchange translation reserve was set to zero on 1 May 2004, the date of transition to IFRS and this reserve has been restated on the basis that the Group has reported in US dollars since that date.

In preparing these financial statements, the exchange rates used in respect of the pound sterling (£) and Canadian dollar (C\$) are:

	Pound sterling			Canadian dollar		
	2022	2021	2020	2022	2021	2020
Average for the year ended 30 April	1.36	1.32	1.27	0.80	0.76	0.75
At 30 April	1.26	1.38	1.26	0.78	0.81	0.72

The consolidated financial statements have been prepared on the going concern basis. The Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom (see Note 19), provide a reasonable expectation that the Group has adequate resources to continue in operation for

the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the consolidated financial statements.

Key judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised within the financial statements.

The estimates and associated assumptions which have been used are based on historical experience and other factors that are considered to be relevant. While actual results could differ from these estimates, the Group has not identified any assumptions, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Changes in accounting policies and disclosures New and amended standards adopted by the Group

There are no new IFRS or IFRIC Interpretations that are effective for the first time this financial year which have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 May 2021 and not adopted early

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities incurred by the Group and includes the fair value of any contingent consideration arrangement. Acquisition-related costs are recognised in the income statement as incurred.

Contingent consideration is measured at the acquisition date at fair value and included in provisions in the balance sheet. Changes in the fair value of contingent consideration due to events post the date of acquisition are recognised in the income statement.

Foreign exchange

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the entity that has undertaken the transaction using the exchange rates ruling on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. All currency translation differences are taken to the income statement. The functional currency of the parent company is pounds sterling.

Translation of overseas operations

As set out in the basis of preparation, effective 1 May 2021, the reporting currency of the Group is the US dollar, the currency in which the majority of our assets, liabilities, revenue and costs are denominated. Assets and liabilities in non-US dollar denominated currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Income statements and cash flows of non-US dollar denominated subsidiary undertakings are translated into US dollars at average rates of exchange for the year.

Exchange differences arising from the retranslation of the opening net investment of non-US dollar denominated subsidiaries and the difference between the inclusion of their profits at average rates of exchange in the Group income statement and the closing rate used for the balance sheet are recognised directly in a separate component of equity. Other exchange differences are dealt with in the income statement.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties and VAT/sales tax. Our revenue is a function of our rental rates and the size, utilisation and mix of our equipment rental fleet. The Group has three main sources of revenue as detailed below:

- rental revenue, including loss damage waiver, environmental fees and revenue from rental equipment delivery and collection;
- revenue from the sale of new equipment, merchandise and consumables; and
- revenue from the sale of used rental equipment.

Rental revenue, including loss damage waiver and environmental fees, is recognised on a straight-line basis over the period of the rental contract. In general, rental contracts have no fixed duration and are cancellable at any time, with a typical rental period of around three weeks. However, as a rental contract can extend across financial reporting period ends, the Group records accrued revenue (unbilled rental revenue) and deferred revenue at the beginning and end of each reporting period so that rental revenue is appropriately stated in the financial statements.

Revenue from rental delivery and collection is recognised when the delivery or collection has occurred and the performance obligation therefore fulfilled.

Revenue from the sale of new rental equipment, merchandise and consumables, together with revenue from the sale of used rental equipment, is recognised at the time of delivery to, or collection by, the customer and when all performance obligations under the sale contract have been fulfilled.

Revenue from the sale of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Group purchases new equipment is accounted for at the lower of transaction value or fair value based on independent appraisals. If the trade-in price of a unit of equipment exceeds the fair market value of that unit, the excess is accounted for as a reduction of the cost of the related purchase of new rental equipment.

Of the Group's rental revenue, \$6,147m (2021: \$5,036m) is accounted for in accordance with IFRS 16, 'Leases', while revenue from other ancillary services, each of which is billed separately, revenue from the sale of new equipment, merchandise and consumables and revenue from the sale of used equipment totalling \$1,815m (2021: \$1,603m) is accounted for in accordance with IFRS 15, 'Revenue from Contracts with Customers'.

Interest income and expense

Interest income comprises interest receivable on funds invested and net interest on net defined benefit pension plan assets.

Interest expense comprises interest payable on borrowings and lease liabilities, amortisation of deferred debt raising costs, the unwind of the discount on the self-insurance and contingent consideration provisions and the net interest on net defined benefit pension plan liabilities.

Exceptional items

Exceptional items are those items of income or expense which the directors believe should be disclosed separately by virtue of their significant size or nature and limited predictive value to enable a better understanding of the Group's financial performance.

Earnings per share

Earnings per share is calculated based on the profit for the financial year and the weighted average number of ordinary shares in issue during the year. For this purpose the number of ordinary shares in issue excludes shares held by the Company or by the Employee Share Ownership Trust in respect of which dividends have been waived. Diluted earnings per share is calculated using the profit for the financial year and the weighted average diluted number of shares (ignoring any potential issue of ordinary shares which would be anti-dilutive) during the year.

Adjusted earnings per share comprises basic earnings per share adjusted to exclude earnings relating to exceptional items and amortisation of intangibles.

Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle and those assets expected to be realised within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Property, plant and equipment

Property, plant and equipment is stated at cost (including transportation costs from the manufacturer to the initial rental location) less accumulated depreciation and any provisions for impairment. In respect of certain assets, cost includes rebuild costs when the rebuild extends the asset's useful economic life and it is probable that incremental economic benefits will accrue to the Group. Rebuild costs include the cost of transporting the equipment to and from the rebuild supplier. Depreciation is not charged while the asset is not in use during the rebuild period.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis applied to the opening cost to write down each asset to its residual value over its useful economic life. Estimates of useful life and residual value are determined with the objective of allocating most appropriately the cost of property, plant and equipment to our income statement, over the period we anticipate it will be used in our business. Residual values and estimated useful economic lives are reassessed annually, recognising the cyclical nature of the business, by making reference to recent experience of the Group. The depreciation rates in use are as follows:

	Per annum
Freehold property	2%
Motor vehicles	7% to 25%
Rental equipment	4% to 33%
Office and workshop equipment	20%

Residual values are estimated at 10 to 15% of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 35%.

Repairs and maintenance

Costs incurred in the repair and maintenance of rental and other equipment are charged to the income statement as incurred.

Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration for an acquisition and the fair value of the net identifiable assets acquired, including any intangible assets other than goodwill.

Goodwill is stated at cost less any accumulated impairment losses and is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Other intangible assets

Other intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition. Internally generated intangible assets are not capitalised. Amortisation is charged on a straight-line basis over the expected useful life of each asset. Contract related intangible assets are amortised over the life of the contract. Amortisation rates for other intangible assets are as follows:

	Per annum
Brand names	7% to 15%
Customer lists	10% to 20%
Contract related	14% to 50%

Impairment of assets

Goodwill is not amortised but is tested annually for impairment as at 30 April each year. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows for the asset being tested for impairment (cash-generating unit).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, 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.

In respect of assets other than goodwill, 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. Impairment losses in respect of goodwill are not reversed.

Taxation

The tax charge for the period comprises both current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. The Group's liability for current tax is calculated using tax rates applicable for the reporting period.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax is not recognised for temporary differences arising on investments in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, the Group intends to settle them on a net basis and there is a legally enforceable right to offset tax assets against tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories, which comprise equipment, fuel, merchandise and spare parts, are valued at the lower of cost and net realisable value. The cost of inventory that is not ordinarily interchangeable is valued at individual cost. The cost of other inventories is determined on a first-in, first-out basis or using a weighted average cost formula, depending on the basis most suited to the type of inventory held.

Employee benefits

Defined contribution pension plans

Obligations under the Group's defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods, that benefit is discounted to determine its present value and the fair value of plan assets is deducted. The discount rate used is the yield at the balance sheet date on AA rated corporate bonds. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of comprehensive income.

Net interest is calculated by applying a discount rate to the net defined benefit pension plan asset or liability. The net interest income or net interest expense is included in investment income or interest expense, respectively.

The defined pension surplus or deficit represents the fair value of the plan assets less the present value of the defined benefit obligation. A surplus is recognised in the balance sheet to the extent that the Group has an unconditional right to the surplus, either through a refund or reduction in future contributions. A deficit is recognised in full.

Share-based compensation

The fair value of awards made under share-based compensation plans is measured at grant date and spread over the vesting period through the income statement with a corresponding increase in equity. The fair value of share options and awards is measured using an appropriate valuation model taking into account the terms and conditions of the individual award. The amount recognised as an expense is adjusted to reflect the actual awards vesting except where any change in the awards vesting relates only to market-based criteria not being achieved.

Insurance

Insurance costs include insurance premiums which are written off to the income statement over the period to which they relate and an estimate of the discounted liability for uninsured retained risks on unpaid claims incurred up to the balance sheet date. The estimate includes events incurred but not reported at the balance sheet date. This estimate is discounted and included in provisions in the balance sheet on a gross basis with a corresponding insurance receivable amount recognised as an asset where it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial and other investments

Financial asset investments are initially recognised at their fair value and measured subsequently at fair value through profit and loss. Equity investments are initially recognised at fair value and measured subsequently at fair value through other comprehensive income.

Trade receivables

Trade receivables do not carry interest and are initially recognised at their transaction value and measured subsequently at amortised cost using the effective interest method as reduced by appropriate loss allowances for estimated irrecoverable amounts. The loss allowances are calculated using an expected credit loss model, based on historical write-off experience and taking account of market conditions and customer knowledge. Adjustments to the loss allowances are recognised in the income statement. Trade receivables are written off when recoverability is assessed as being remote while subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturity of less than, or equal to, three months.

Financial liabilities and equity

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs where these are integral to the total cost of the borrowing. Where this is not the case, direct transaction costs are recognised separately from the financial liability as a loan commitment asset. Finance charges, including amortisation of direct transaction costs, are charged to the income statement using the effective interest rate method.

Borrowings exclude accrued interest which is classified as a current liability and included within trade and other payables in the balance sheet.

Tranches of borrowings and overdrafts which mature on a regular basis are classified as current or non-current liabilities based on the maturity of the facility so long as the committed facility exceeds the drawn debt.

Net debt

Net debt consists of total borrowings and lease liabilities less cash and cash equivalents. Non-US dollar denominated balances are retranslated to US dollars at rates of exchange ruling at the balance sheet date.

Senior notes

The Group's senior notes contain early repayment options, which constitute embedded derivatives in accordance with IFRS 9, Financial Instruments. The accounting for these early repayment options depends on whether they are considered to be closely related to the host contract or not based on IFRS 9. Where they are closely related, the early repayment option is not accounted for separately and the notes are recorded within borrowings, net of direct transaction costs. The interest expense is calculated by applying the effective interest rate method.

In circumstances where the early repayment option is not considered closely related to the host contract, the repayment option has to be valued separately. At the date of issue the liability component of the notes is estimated using prevailing market interest rates for similar debt with no repayment option and is recorded within borrowings, net of direct transaction costs. The difference between the proceeds of the note issue and the fair value assigned to the liability component, representing the embedded option to prepay the notes is included within Other financial assets – derivatives. The interest expense on the liability component is calculated by applying the effective interest rate method. The embedded option to prepay is fair valued using an appropriate valuation model and fair value remeasurement gains and losses are included in investment income and interest expense respectively.

Where the Group's senior notes are issued at a premium or a discount, they are initially recognised at their face value plus or minus the premium or discount. The notes are subsequently measured at amortised cost using the effective interest rate method.

Leases

The Group assesses whether a contract is a lease, or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is measured initially at the present value of future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the Group's lease liability comprise:

- fixed lease payments, less any lease incentives received; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term changes, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset with depreciation commencing at the commencement date of the lease.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating costs' in the income statement.

For short-term leases (lease terms of 12 months or less) and leases of low-value assets (such as photocopiers, vending machines, etc.), the Group has opted to recognise a lease expense on a straight-line basis. This expense is presented within other operating costs in the consolidated income statement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Employee Share Ownership Trust

Shares in the Company acquired by the Employee Share Ownership Trust ('ESOT') in the open market for use in connection with employee share plans are presented as a deduction from shareholders' funds. When the shares vest to satisfy share-based payments, a transfer is made from own shares held through the ESOT to retained earnings.

Own shares held by the Company

The cost of own shares held by the Company is deducted from shareholders' funds. The proceeds from the reissue of own shares are added to shareholders' funds with any gains in excess of the average cost of the shares being recognised in the share premium account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 SEGMENTAL ANALYSIS

Segmental analysis by reportable operating segment

The Group operates one class of business: rental of equipment. Operationally, the Group is split into three business units, US, UK and Canada which report separately to, and are managed by, the chief executive and align with the geographies in which they operate. Accordingly, the Group's reportable operating segments are the US, UK and Canada.

The Group manages debt and taxation centrally, rather than by business unit. Accordingly, segmental results are stated before interest and taxation which are reported as central Group items. This is consistent with the way the chief executive reviews the business.

There are no sales between the business segments. Segment assets include property, plant and equipment, goodwill, intangibles, inventory and receivables. Segment liabilities comprise operating liabilities and exclude taxation balances, corporate borrowings and accrued interest. Capital expenditure represents additions to property, plant and equipment and intangible assets, including goodwill, and includes additions through the acquisition of businesses.

Year ended 30 April 2022	US \$m	UK \$m	Canada \$m	Corporate items \$m	Group \$m
Revenue					
Rental revenue	6,041.9	739.0	453.8	-	7,234.7
Sale of new equipment, merchandise and consumables	155.0	202.2	30.0	-	387.2
Sale of used rental equipment	280.1	45.1	15.2	-	340.4
	6,477.0	986.3	499.0	-	7,962.3
EBITDA	3,120.6	291.7	224.3	(27.2)	3,609.4
Depreciation	(1,268.3)	(173.7)	(109.9)	(1.1)	(1,553.0)
Segment result	1,852.3	118.0	114.4	(28.3)	2,056.4
Amortisation					(108.6)
Exceptional items					(47.1)
Net financing costs					(232.6)
Profit before taxation					1,668.1
Taxation					(417.0)
Profit attributable to equity shareholders					1,251.1
Segment assets	12,839.6	1,162.3	1,212.7	53.0	15,267.6
Cash					15.3
Taxation assets					7.2
Total assets					15,290.1
Segment liabilities	2,738.1	251.3	312.6	20.8	3,322.8
Corporate borrowings and accrued interest					5,218.0
Taxation liabilities					1,715.6
Total liabilities					10,256.4
Other non-cash expenditure – share-based payments	34.2	4.5	2.4	7.0	48.1
Capital expenditure	3,146.1	260.0	201.8	-	3,607.9

Year ended 30 April 2021	US \$m	UK \$m	Canada \$m	Corporate items \$m	Group \$m
Revenue					
Rental revenue	4,932.7	635.2	333.7	-	5,901.6
Sale of new equipment, merchandise and consumables	152.3	164.8	30.6	-	347.7
Sale of used rental equipment	332.5	38.1	18.7	-	389.3
	5,417.5	838.1	383.0	-	6,638.6
EBITDA	2,634.5	254.4	167.4	(19.5)	3,036.8
Depreciation	(1,189.9)	(174.0)	(92.6)	(1.1)	(1,457.6)
Segment result	1,444.6	80.4	74.8	(20.6)	1,579.2
Amortisation					(81.2)
Interest expense					(262.9)
Profit before taxation					1,235.1
Taxation					(315.0)
Profit attributable to equity shareholders					920.1
Segment assets	10,384.3	1,208.7	1,141.0	59.0	12,793.0
Cash					26.6
Taxation assets					18.4
Total assets					12,838.0
Segment liabilities	1,978.2	258.1	300.9	16.9	2,554.1
Corporate borrowings and accrued interest					4,238.5
Taxation liabilities					1,519.9
Total liabilities					8,312.5
Other non-cash expenditure – share-based payments	6.1	0.8	0.4	2.2	9.5
Capital expenditure	850.7	196.4	73.5	-	1,120.6

Segmental analysis by geography

The Group's operations are located in the United States, the United Kingdom and Canada. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure, including expenditure on acquisitions, by country of domicile. Segment assets by geography include property, plant and equipment, goodwill, intangible assets, right-of-use assets and other non-current assets but exclude the net defined benefit pension plan asset, inventory and receivables.

	Revenue		Segment assets		Capital expenditure	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
United States	6,477.0	5,417.5	11,564.7	9,487.3	3,146.1	850.7
United Kingdom	986.3	838.1	1,005.9	1,049.9	260.0	196.4
Canada	499.0	383.0	1,119.6	1,063.7	201.8	73.5
	7,962.3	6,638.6	13,690.2	11,600.9	3,607.9	1,120.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 OPERATING COSTS AND OTHER INCOME

	2022			2021		
	Before amortisation \$m	Amortisation \$m	Total \$m	Before amortisation \$m	Amortisation \$m	Total \$m
Staff costs:						
Salaries	1,668.8	-	1,668.8	1,369.9	-	1,369.9
Social security costs	127.1	-	127.1	104.5	-	104.5
Other pension costs	34.6	-	34.6	27.1	-	27.1
	1,830.5	-	1,830.5	1,501.5	-	1,501.5
Other operating costs:						
Vehicle costs	510.1	-	510.1	375.7	-	375.7
Spares, consumables and external repairs	431.7	-	431.7	374.3	-	374.3
Facility costs	82.1	-	82.1	67.8	-	67.8
Other external charges	1,237.0	-	1,237.0	918.1	-	918.1
	2,260.9	-	2,260.9	1,735.9	-	1,735.9
Used rental equipment sold	261.5	-	261.5	364.4	-	364.4
Depreciation and amortisation:						
Depreciation of tangible assets	1,398.9	-	1,398.9	1,320.0	-	1,320.0
Depreciation of right-of-use assets	154.1	-	154.1	137.6	-	137.6
Amortisation of intangibles	-	108.6	108.6	-	81.2	81.2
	1,553.0	108.6	1,661.6	1,457.6	81.2	1,538.8
	5,905.9	108.6	6,014.5	5,059.4	81.2	5,140.6

Proceeds from the disposal of non-rental property, plant and equipment amounted to \$26m (2021: \$18m), resulting in a profit on disposal of \$9m (2021: \$nil) which is included in other external charges.

The costs shown in the above table include:

	2022 \$m	2021 \$m
Cost of inventories recognised as expense	644.3	675.9
Net charge/(release) of allowance on trade receivables	31.2	(12.7)

Staff costs include remuneration of key management personnel, which comprise non-executive and executive directors. Key management personnel remuneration comprised:

	2022 \$'000	2021 \$'000
Salaries and short-term employee benefits	5,730	4,765
Post-employment benefits	20	20
National insurance and social security	376	227
Share-based payments	3,993	2,272
	10,119	7,284

The Schedule 5 requirements of the Accounting Regulations for directors' remuneration are included within the Directors' remuneration report on pages 97 to 116.

Remuneration payable to the Company's auditor, Deloitte LLP, in the year is given below:

	2022 \$'000	2021 \$'000
Fees payable to Deloitte UK and its associates for the audit of the Group's annual accounts	1,465	1,443
Fees payable to Deloitte UK and its associates for other services to the Group:		
– the audit of the Group's UK subsidiaries pursuant to legislation	29	27
– audit-related assurance services	109	101
– other assurance services	123	2
	1,726	1,573

Fees paid for audit-related assurance services relate to the half-year review of the Group's interim financial statements. Other assurance services relate to comfort letters provided in connection with the senior notes issued in August 2021.

5 EXCEPTIONAL ITEMS AND AMORTISATION

	2022 \$m	2021 \$m
Amortisation of intangibles	108.6	81.2
Write-off of deferred financing costs	11.1	–
Early redemption fee	36.0	–
Taxation	(39.3)	(20.0)
	116.4	61.2

The costs associated with the redemption of the \$600m 4.125% senior notes and the \$600m 5.25% senior notes in August 2021 have been classified as exceptional items. The write-off of deferred financing costs consisted of the unamortised balance of the costs relating to the notes. In addition, an early redemption fee of \$36m was paid to redeem the notes prior to their scheduled maturity. Of these items, total cash costs were \$36m.

The items detailed in the table above are presented in the income statement as follows:

	2022 \$m	2021 \$m
Amortisation of intangibles	108.6	81.2
Charged in arriving at operating profit	108.6	81.2
Interest expense	47.1	–
Charged in arriving at profit before taxation	155.7	81.2
Taxation	(39.3)	(20.0)
	116.4	61.2

6 NET FINANCING COSTS

	2022 \$m	2021 \$m
Interest income:		
Net income on the defined benefit pension plan asset	0.1	–
Interest expense:		
Bank interest payable	32.8	47.9
Interest payable on senior notes	111.2	132.0
Interest payable on lease liabilities	80.7	70.5
Net interest on the net defined benefit pension plan liability	–	0.2
Non-cash unwind of discount on provisions	1.1	1.3
Amortisation of deferred debt raising costs	6.9	11.0
Total interest expense	232.7	262.9
Net financing costs before exceptional items	232.6	262.9
Exceptional items	47.1	–
Net financing costs	279.7	262.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 TAXATION

The tax charge on the result for the year has been computed using a tax rate of 25% in the US (2021: 25%), 19% in the UK, rising to 25% from 1 April 2023 (2021: 19%) and 26% in Canada (2021: 26%). The blended rate for the Group as a whole is 25% (2021: 25%). The Group's future effective tax rate will depend on the mix of profits amongst the territories in which it operates and their respective tax rates.

	2022 \$m	2021 \$m
Analysis of the tax charge		
Current tax		
- current tax on income for the year	243.5	407.7
- adjustments to prior year	6.7	9.1
	250.2	416.8
Deferred tax		
- origination and reversal of temporary differences	170.3	(99.1)
- adjustments due to change in UK corporate tax rate	9.6	-
- adjustments to prior year	(13.1)	(2.7)
	166.8	(101.8)
Total taxation charge	417.0	315.0
Comprising:		
- United Kingdom	41.8	30.3
- United States	357.4	278.4
- Canada	17.8	6.3
	417.0	315.0

The tax charge comprises a charge of \$456m (2021: \$335m) relating to tax on the profit before exceptional items and amortisation, together with a credit of \$39m (2021: credit of \$20m) on exceptional items and amortisation.

The differences between the tax charge for the year of 25% and the standard rate of corporation tax in the UK of 19% are explained below:

	2022 \$m	2021 \$m
Profit on ordinary activities before tax	1,668.1	1,235.1
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2021: 19%)	316.9	234.7
Effects of:		
Use of foreign tax rates on overseas income	94.7	69.3
Adjustments due to changes in UK corporate tax rate	9.6	-
Adjustments to prior years	(6.4)	6.4
Other	2.2	4.6
Total taxation charge	417.0	315.0

8 EARNINGS PER SHARE

	2022			2021		
	Earnings \$m	Weighted average no. of shares million	Per share amount cents	Earnings \$m	Weighted average no. of shares million	Per share amount cents
Basic earnings per share	1,251.1	445.3	280.9	920.1	447.9	205.4
Share options and share plan awards	-	1.9	(1.2)	-	1.4	(0.6)
Diluted earnings per share	1,251.1	447.2	279.7	920.1	449.3	204.8

Adjusted earnings per share may be reconciled to basic earnings per share as follows:

	2022 cents	2021 cents
Basic earnings per share	280.9	205.4
Amortisation of intangibles	24.4	18.1
Exceptional items	10.6	-
Tax on exceptional items and amortisation	(8.8)	(4.4)
Adjusted earnings per share	307.1	219.1

9 DIVIDENDS

	2022 \$m	2021 \$m
Final dividend paid on 21 September 2021 of 48.24¢ (2021: 43.63¢) per 10p ordinary share	215.3	195.4
Interim dividend paid on 9 February 2022 of 12.50¢ (2021: 9.76¢) per 10p ordinary share	56.2	43.7
	271.5	239.1
Reconciliation to consolidated cash flow statement		
Dividend to shareholders	271.5	239.1
Translation adjustment	(2.2)	(3.6)
Total dividend paid	269.3	235.5

In addition, the directors are proposing a final dividend in respect of the year ended 30 April 2022 of 67.5¢ (2021: 48.24¢) per share which will absorb \$298m of shareholders' funds, based on the 441m shares qualifying for dividend on 10 June 2022. Subject to approval by shareholders, it will be paid on 9 September 2022 to shareholders who are on the register of members on 12 August 2022.

The dividends per share disclosed above are presented in US dollars. Dividends for periods prior to the Group's change in presentational currency on 1 May 2021 have been translated into US dollars at the exchange rate ruling at the date at which the liability arose in accordance with their treatment in the statement of changes in equity. Amounts recognised in the consolidated statement of cash flows have been translated into US dollars at the exchange rate ruling at the date of payment. As such, a translation adjustment arises when the date at which the liability arose differs from the payment date.

All dividends for periods subsequent to 1 May 2021 will be declared in US dollars. Dividends will continue to be paid in sterling unless shareholders elect to receive their dividend in US dollars. The dividend currency exchange rate used will be set based on the average exchange rate for the preceding five working days prior to the dividend currency exchange rate announcement.

10 INVENTORIES

	2022 \$m	2021 \$m
Raw materials, consumables and spares	77.7	46.1
Goods for resale	90.8	56.1
	168.5	102.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11 TRADE AND OTHER RECEIVABLES

	2022 \$m	2021 \$m
Trade receivables	1,259.6	1,001.9
Less: loss allowance	(85.6)	(73.8)
	1,174.0	928.1
Other receivables		
– Accrued revenue	106.5	77.6
– Other	109.9	78.0
	1,390.4	1,083.7

The fair values of trade and other receivables are not materially different to the carrying values presented.

a. Trade receivables: credit risk

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in Note 25. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Group's markets. The contractual terms on invoices issued to customers vary between North America and the UK in that, invoices issued by the UK are payable within 30-60 days whereas, invoices issued by the US and Canada are payable on receipt. Therefore, on this basis, a significant proportion of the Group's trade receivables are contractually past due. The loss allowance is calculated based on prior experience reflecting the level of uncollected receivables over the last year within each business adjusted for factors that are specific to the receivables, the industry in which we operate and the economic environment. Accordingly, the loss allowance cannot be attributed to specific receivables so the aged analysis of trade receivables, including those past due, is shown gross of the loss allowance.

On this basis, the ageing analysis of trade receivables, including those past due, is as follows:

	Trade receivables past due by:					Total \$m
	Current \$m	Less than 30 days \$m	30 – 60 days \$m	60 – 90 days \$m	More than 90 days \$m	
Carrying value at 30 April 2022	100.6	629.6	293.8	115.7	119.9	1,259.6
Carrying value at 30 April 2021	128.5	488.2	225.7	67.9	91.6	1,001.9

In practice, the US and Canada operate on 30-day terms and consider receivables past due if they are unpaid after 30 days. On this basis, the Group's ageing of trade receivables, including those past due, is as follows:

	Trade receivables past due by:					Total \$m
	Current \$m	Less than 30 days \$m	30 – 60 days \$m	60 – 90 days \$m	More than 90 days \$m	
Carrying value at 30 April 2022	697.4	314.2	125.9	44.1	78.0	1,259.6
Carrying value at 30 April 2021	575.0	255.4	77.2	30.3	64.0	1,001.9

b. Movement in the loss allowance

	2022 \$m	2021 \$m
At 1 May	73.8	125.6
Amounts written off or recovered during the year	(17.7)	(41.0)
Increase/(decrease) in allowance recognised in income statement	31.2	(12.7)
Currency movements	(1.7)	1.9
At 30 April	85.6	73.8

12 CASH AND CASH EQUIVALENTS

	2022 \$m	2021 \$m
Cash and cash equivalents	15.3	26.6

The carrying amount of cash and cash equivalents approximates to their fair value.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$m	Rental equipment \$m	Office and workshop equipment \$m	Motor vehicles \$m	Total \$m
Cost or valuation					
At 1 May 2020	416.7	11,868.2	292.5	881.2	13,458.6
Exchange differences	11.7	196.4	7.8	14.8	230.7
Acquisitions	–	119.7	0.1	5.5	125.3
Reclassifications	–	(3.9)	(0.4)	2.4	(1.9)
Additions	36.0	809.2	52.7	49.5	947.4
Disposals	(5.2)	(1,134.7)	(11.1)	(68.9)	(1,219.9)
At 30 April 2021	459.2	11,854.9	341.6	884.5	13,540.2
Exchange differences	(10.7)	(156.8)	(7.5)	(11.7)	(186.7)
Acquisitions	0.7	738.6	6.0	43.0	788.3
Reclassifications	–	(0.5)	0.1	0.4	–
Additions	106.4	1,999.2	73.6	218.1	2,397.3
Disposals	(6.8)	(896.6)	(10.7)	(68.0)	(982.1)
At 30 April 2022	548.8	13,538.8	403.1	1,066.3	15,557.0
Depreciation					
At 1 May 2020	141.6	4,439.0	185.8	369.1	5,135.5
Exchange differences	5.4	88.8	5.1	7.6	106.9
Acquisitions	–	57.4	–	3.2	60.6
Reclassifications	–	(2.4)	(0.5)	1.0	(1.9)
Charge for the period	26.3	1,152.3	45.7	95.7	1,320.0
Disposals	(4.1)	(789.1)	(9.0)	(54.8)	(857.0)
At 30 April 2021	169.2	4,946.0	227.1	421.8	5,764.1
Exchange differences	(4.9)	(73.2)	(5.2)	(6.3)	(89.6)
Acquisitions	0.4	281.8	2.0	18.8	303.0
Reclassifications	–	0.1	0.1	(0.2)	–
Charge for the period	34.5	1,213.4	52.3	98.7	1,398.9
Disposals	(4.3)	(643.6)	(8.6)	(55.5)	(712.0)
At 30 April 2022	194.9	5,724.5	267.7	477.3	6,664.4
Net book value					
At 30 April 2022	353.9	7,814.3	135.4	589.0	8,892.6
At 30 April 2021	290.0	6,908.9	114.5	462.7	7,776.1

\$14m of rebuild costs were capitalised in the year (2021: \$22m). Included within depreciation is an impairment charge of \$9m (2021: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14 RIGHT-OF-USE ASSETS

	Property leases \$m	Other leases \$m	Total \$m
Cost or valuation			
At 1 May 2020	1,481.2	9.0	1,490.2
Exchange differences	21.4	1.0	22.4
Additions	200.6	8.3	208.9
Acquisitions	25.2	–	25.2
Remeasurement	63.5	–	63.5
Disposals	(4.7)	(1.1)	(5.8)
At 30 April 2021	1,787.2	17.2	1,804.4
Exchange differences	(21.6)	(1.6)	(23.2)
Additions	331.0	8.4	339.4
Acquisitions	125.9	–	125.9
Remeasurement	35.0	–	35.0
Disposals	(11.6)	(3.7)	(15.3)
At 30 April 2022	2,245.9	20.3	2,266.2
Depreciation			
At 1 May 2020	114.2	3.3	117.5
Exchange differences	4.4	0.4	4.8
Charge for the period	135.8	1.8	137.6
Disposals	(0.7)	(0.7)	(1.4)
At 30 April 2021	253.7	4.8	258.5
Exchange differences	(5.5)	(0.5)	(6.0)
Charge for the period	151.4	2.7	154.1
Disposals	(2.8)	(2.4)	(5.2)
At 30 April 2022	396.8	4.6	401.4
Net book value			
At 30 April 2022	1,849.1	15.7	1,864.8
At 30 April 2021	1,533.5	12.4	1,545.9

Included within depreciation is an impairment charge of \$6m (2021: \$12m).

15 INTANGIBLE ASSETS INCLUDING GOODWILL

	Other intangible assets				Total \$m	Total \$m
	Goodwill \$m	Brand names \$m	Customer lists \$m	Contract related \$m		
Cost or valuation						
At 1 May 2020	1,690.6	28.8	667.6	86.5	782.9	2,473.5
Recognised on acquisition	69.5	–	37.7	1.3	39.0	108.5
Exchange differences	36.0	0.7	28.2	3.8	32.7	68.7
At 30 April 2021	1,796.1	29.5	733.5	91.6	854.6	2,650.7
Recognised on acquisition	523.1	–	181.6	20.6	202.2	725.3
Exchange differences	(19.2)	(0.5)	(13.8)	(3.3)	(17.6)	(36.8)
At 30 April 2022	2,300.0	29.0	901.3	108.9	1,039.2	3,339.2
Amortisation						
At 1 May 2020	–	27.5	278.4	65.7	371.6	371.6
Charge for the period	–	0.3	72.6	8.3	81.2	81.2
Exchange differences	–	0.6	10.8	3.1	14.5	14.5
At 30 April 2021	–	28.4	361.8	77.1	467.3	467.3
Charge for the period	–	0.3	83.9	24.4	108.6	108.6
Exchange differences	–	(0.4)	(8.4)	(3.2)	(12.0)	(12.0)
At 30 April 2022	–	28.3	437.3	98.3	563.9	563.9
Net book value						
At 30 April 2022	2,300.0	0.7	464.0	10.6	475.3	2,775.3
At 30 April 2021	1,796.1	1.1	371.7	14.5	387.3	2,183.4

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ('CGUs') that benefit from that business combination. Goodwill allocated to each of the Group's CGUs is as follows:

	2022 \$m	2021 \$m
US		
Power and HVAC	245.1	62.6
Climate Control	75.2	75.2
General equipment and related businesses	1,657.1	1,317.6
	1,977.4	1,455.4
UK		
Engineered Access	32.4	35.7
General equipment and related businesses	72.5	79.9
	104.9	115.6
Canada		
General equipment and related businesses	217.7	225.1
Total goodwill	2,300.0	1,796.1

For the purposes of determining potential goodwill impairment, recoverable amounts are determined from value in use calculations using cash flow projections based on the Group's financial plans covering a three-year period which were adopted and approved by the Board in April 2022. The key assumptions for these financial plans are those regarding revenue growth, margins and capital expenditure required to replace the rental fleet and support the growth forecast which management estimates based on past experience, market conditions and expectations for the future development of the market. The projections consist of the 2022/23 budget, a further two years from the Group's business plan and a further seven years' cash flows. The valuation uses an annual growth rate to determine the cash flows beyond the three-year forecast period of 2%, which does not exceed the average long-term growth rates for the relevant markets, a terminal value reflective of market multiples and discount rates of 11% (2021: 12%), 10% (2021: 11%) and 11% (2021: 12%) for the US, UK and Canadian businesses respectively. The discount rates for each country are determined by reference to the Group's weighted average cost of capital.

The impairment review is potentially sensitive to changes in key assumptions used, most notably the discount rate and the annuity growth rates. A sensitivity analysis has been undertaken by changing the key assumptions used for each CGU in the US, UK and Canada. Based on this sensitivity analysis, no reasonably possible change in the assumptions resulted in the recoverable amount for the CGUs identified above to fall below their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15 INTANGIBLE ASSETS INCLUDING GOODWILL (CONTINUED)

US

General equipment and related businesses

Revenue for the general equipment business is linked primarily to US non-residential construction spend, which, based on market forecasts, is expected to grow during the business plan period, underpinned by a significant level of large scale, multi-year projects. The general equipment and related businesses have grown more rapidly than both the non-residential construction market and the broader rental market in recent years and this outperformance is expected to continue over the business plan period, although not necessarily to the same degree. EBITDA margins are forecast to improve slightly as inflationary cost pressures ease and the businesses benefit from operational efficiencies and increased scale.

Power and HVAC and Climate Control

Revenue for the Power and HVAC and Climate Control businesses is in part linked to the level of non-residential construction and also general levels of economic activity. These businesses are also expected to benefit from increased rental penetration. EBITDA margins are forecast to improve slightly as the businesses benefit from operational efficiencies and increased scale.

UK

Revenue for each of the UK CGUs is linked primarily to UK non-residential construction spend. This market is more challenging than in the US, with structural growth opportunities more difficult to achieve due to a higher level of rental penetration in the market. The market is expected to grow over the business plan period. The Engineered Access business is also reliant on the events market which has been impacted during the last two years by the pandemic. The level of business activity is therefore expected to increase as the events market returns during the business plan period. EBITDA margins are forecast to improve as the businesses focus on operational improvement and leveraging the platform.

Canada

Revenue for Canada is linked primarily to Canadian non-residential construction spend which, based on market forecasts, is expected to grow during the business plan period. The Canadian business has grown over the last three years more quickly than non-residential construction and we expect it to continue to perform ahead of the market over the forecast period, although not necessarily to the same degree as over recent years. EBITDA margins are forecast to increase as the business benefits from the integration of recent acquisitions, operational improvement and increased scale.

16 OTHER NON-CURRENT ASSETS

	2022 \$m	2021 \$m
HMRC state aid payment	44.7	49.3
Financial asset investments	40.0	-
Insurance receivable	16.5	11.2
Other non-current receivables	56.3	35.0
	157.5	95.5

Non-current assets include the HMRC state aid payment which relates to amounts paid to HMRC in accordance with the charging notice received in relation to the ongoing state aid investigation (further details are included in Note 28).

17 TRADE AND OTHER PAYABLES

	2022 \$m	2021 \$m
Trade payables	399.2	216.2
Other taxes and social security	55.9	85.4
Accruals and deferred income	742.0	517.9
	1,197.1	819.5

Trade and other payables include amounts relating to the purchase of fixed assets of \$363m (2021: \$135m). The fair values of trade and other payables are not materially different from the carrying values presented.

18 LEASE LIABILITIES**Amounts recognised in the balance sheet**

	2022 \$m	2021 \$m
Maturity analysis – undiscounted cash flows:		
Less than one year	196.2	174.4
One to two years	196.1	164.4
Two to three years	193.9	162.6
Three to four years	189.7	159.9
Four to five years	184.6	155.7
More than five years	1,864.0	1,531.6
Total undiscounted lease liabilities at 30 April	2,824.5	2,348.6
Impact of discounting	(829.3)	(715.3)
Lease liabilities included in the balance sheet	1,995.2	1,633.3
Included in current liabilities	188.6	168.7
Included in non-current liabilities	1,806.6	1,464.6
	1,995.2	1,633.3

Amounts recognised in the income statement

	2022 \$m	2021 \$m
Depreciation of right-of-use assets	154.1	137.6
Interest on lease liabilities	80.7	70.5
Expense relating to short-term leases	1.6	2.1
Expense relating to variable lease payments	7.8	12.7
	244.2	222.9
Income from sub-leasing right-of-use assets	(20.6)	(14.0)
	223.6	208.9

Amounts recognised in the statement of cash flows

	2022 \$m	2021 \$m
Financing costs paid in relation to lease liabilities	79.7	72.6
Repayment of principal under lease liabilities	107.6	73.9
Total cash outflow for leases	187.3	146.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 BORROWINGS

	2022 \$m	2021 \$m
Non-current		
First priority senior secured bank debt	2,108.1	1,225.2
4.125% senior notes, due 2025	-	594.9
5.250% senior notes, due 2026	-	593.4
1.500% senior notes, due 2026	545.8	-
4.375% senior notes, due 2027	594.8	593.9
4.000% senior notes, due 2028	594.3	593.4
4.250% senior notes, due 2029	593.9	593.2
2.450% senior notes, due 2031	743.2	-
	5,180.1	4,194.0

The senior secured bank debt is secured by way of fixed and floating charges over substantially all the Group's property, plant and equipment, inventory and trade receivables. The senior notes are guaranteed by Ashtead Group plc and all its principal subsidiary undertakings.

First priority senior secured credit facility

At 30 April 2022, \$4.5bn was committed by our senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until August 2026. The amount utilised was \$2,188m (including letters of credit totalling \$57m). The ABL facility is secured by a first priority interest in substantially all of the Group's assets. Pricing for the \$4.5bn revolving credit facility is based on leverage and average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on LIBOR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2022, the borrowing rate was the applicable interest rate plus 125bp.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising LTM EBITDA before exceptional items less LTM net capital expenditure paid in cash over the sum of scheduled debt repayments plus cash interest, cash tax payments and dividends paid in the last 12 months) which must be equal to or greater than 1.0 times.

This covenant does not, however, apply when availability (the difference between the borrowing base and facility utilisation) exceeds \$450m. At 30 April 2022 availability under the bank facility for covenant purposes was \$2,537m (\$3,011m at 30 April 2021), with an additional \$3,029m of suppressed availability meaning that the covenant was not measured at 30 April 2022 and is unlikely to be measured in forthcoming quarters.

Senior notes

At 30 April 2022 the Group, through its wholly owned subsidiary Ashtead Capital, Inc., had five series of senior notes outstanding. The \$550m 1.500% notes are due on 12 August 2026, the \$600m 4.375% notes are due on 15 August 2027, the \$600m 4.000% notes are due on 1 May 2028, the \$600m 4.250% notes are due on 1 November 2029 and the \$750m 2.450% notes are due on 12 August 2031. Under the terms of the notes, financial performance covenants under the senior notes are only measured at the time new debt is raised.

The effective rates of interest at the balance sheet date were as follows:

		2022	2021
First priority senior secured bank debt	- revolving advances in dollars	1.99%	1.51%
Senior notes	- \$600m nominal value	-	4.125%
	- \$600m nominal value	-	5.250%
	- \$550m nominal value	1.500%	-
	- \$600m nominal value	4.375%	4.375%
	- \$600m nominal value	4.000%	4.000%
	- \$600m nominal value	4.250%	4.250%
	- \$750m nominal value	2.450%	-

20 PROVISIONS

	Insurance \$m	Contingent consideration \$m	Other \$m	Total \$m
At 1 May 2021	78.0	27.9	9.1	115.0
Acquired businesses	-	19.1	-	19.1
Exchange differences	(0.6)	(0.3)	(0.6)	(1.5)
Utilised	(35.4)	(12.6)	(1.9)	(49.9)
Released	-	(5.7)	-	(5.7)
Charged in the year	53.6	4.6	0.5	58.7
Amortisation of discount	0.7	0.4	-	1.1
At 30 April 2022	96.3	33.4	7.1	136.8

	2022 \$m	2021 \$m
Included in current liabilities	68.8	54.0
Included in non-current liabilities	68.0	61.0
	136.8	115.0

Insurance provisions relate to the discounted estimated gross liability in respect of claims to be incurred under the Group's insurance programmes for events occurring up to the year-end and are expected to be utilised over a period of approximately eight years. The provision is established based on advice received from independent actuaries of the estimated total cost of the insured risk based on historical claims experience. \$29m (2021: \$20m) of this total liability is due from insurers and is included within 'other receivables'.

The provision for contingent consideration relates to recent acquisitions and is expected to be paid out over the next three years and is reassessed at each reporting date.

21 DEFERRED TAX

	Accelerated tax depreciation \$m	Tax losses \$m	Other assets from temporary differences \$m	Other liabilities from temporary differences \$m	Total \$m
At 1 May 2021	1,580.1	(7.2)	(125.3)	66.6	1,514.2
Exchange differences	(5.7)	1.0	0.7	(1.5)	(5.5)
Charged/(credited) to income statement	212.2	(6.1)	(52.4)	13.1	166.8
Charged to equity	-	-	3.0	2.6	5.6
Acquisitions	5.2	(3.0)	(0.2)	12.3	14.3
At 30 April 2022	1,791.8	(15.3)	(174.2)	93.1	1,695.4

The Group has not recognised a deferred tax asset in respect of losses carried forward in a non-trading UK company of \$7m (2021: \$8m) as it is not considered probable this deferred tax asset will be utilised.

At the balance sheet date, no temporary differences associated with undistributed earnings of subsidiaries are considered to exist as UK tax legislation largely exempts overseas dividends received from UK tax.

22 SHARE CAPITAL AND RESERVES

	30 April 2022 Number	30 April 2021 Number	30 April 2022 \$m	30 April 2021 \$m
Ordinary shares of 10p each: Issued and fully paid	451,354,833	451,354,833	81.8	81.8

During the year, the Company purchased 5.7m ordinary shares at a total cost of \$414m (£305m) under the Group's share buyback programme, which are held in treasury. At 30 April 2022, 7.7m (April 2021: 2.0m) shares were held by the Company (\$480m; April 2021: \$66m) and a further 1.2m (April 2021: 1.4m) shares were held by the Company's Employee Share Ownership Trust (\$45m; April 2021: \$37m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23 SHARE-BASED PAYMENTS

The ESOT facilitates the provision of shares under the Group's long-term incentive plans. It holds a beneficial interest in 1,231,788 ordinary shares of the Company acquired at an average cost of 3,644¢ (2,760p) per share. The shares had a market value of \$65m (£51m) at 30 April 2022. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Group but are not significant.

Details of the awards given under the long-term incentive plans are given on pages 101 and 102, and 108 and 109. The costs of these schemes are charged to the income statement over the vesting period, based on the fair value of the award at the grant date and the likelihood of allocations vesting under the schemes. In 2022, there was a net charge to pre-tax profit in respect of the long-term incentive awards of \$48m (2021: \$10m). After tax, the total charge was \$37m (2021: \$7m).

The fair value of awards granted during the year is estimated using a Black-Scholes option pricing model with the following assumptions:

	July 2021	September 2021
Share price at grant date	5,416p	5,988p
Exercise price	-	-
Dividend yield	1.17%	1.00%
Volatility	52.40%	54.06%
Risk-free rate	0.14%	0.38%
Expected life	36 months	32 months

Expected volatility was determined by calculating the historical volatility over the previous three years. The expected life used in the model is based on the terms of the plan.

Details of the long-term incentive awards outstanding during the year are as follows:

	2022		2021	
	Number	Weighted average fair value at grant date	Number	Weighted average fair value at grant date
Outstanding at 1 May	2,965,144	3,279p	1,664,555	1,970p
Granted	592,841	5,385p	1,912,676	3,876p
Exercised	(482,958)	2,174p	(577,961)	1,541p
Expired	(88,588)	3,428p	(34,126)	2,336p
Outstanding at 30 April	2,986,439	3,871p	2,965,144	3,279p
Exercisable at 30 April	-	n/a	-	n/a

24 PENSIONS

Defined contribution plans

The Group operates pension plans for the benefit of qualifying employees. The plans for new employees throughout the Group are all defined contribution plans. Pension costs for defined contribution plans were \$34m (2021: \$29m).

Defined benefit plan

The Group also has a defined benefit plan which was closed to new members in 2001 and closed to future accrual in October 2020. The plan is a funded defined benefit plan with trustee-administered assets held separately from those of the Group. The Trustees are composed of representatives of both the Company and plan members. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy of the assets and the day-to-day administration of the benefits.

The plan is a final salary plan which provides members a guaranteed level of pension payable for life. The level of benefits provided by the plan depends on members' length of service and their salary at the date of leaving the plan.

The plan's duration is an indicator of the weighted-average time until benefit payments are made. For the plan as a whole, the duration at 30 April 2022 is approximately 20 years. The estimated amount of contributions expected to be paid by the Group to the plan during the 2022/23 financial year is £1.8m (\$2.3m at April 2022 exchange rate).

The plan exposes the Group to a number of risks, the most significant being investment risk, interest rate risk, inflation risk and life expectancy risk.

The most recent actuarial valuation was carried out as at 30 April 2019 by a qualified independent actuary and showed a funding surplus of £1.5m (\$1.9m at April 2022 exchange rate). The actuary was engaged by the Company to perform a valuation in accordance with IAS 19 (revised) as at 30 April 2022. The principal financial assumptions made by the actuary were as follows:

	2022	2021
Discount rate	3.1%	2.0%
Inflation assumption – RPI	3.4%	3.2%
– CPI	3.2%	2.4%
Rate of increase in pensions in payment	3.3%	3.1%

Pensioner life expectancy assumed in the 30 April 2022 update is based on the 'S3PA CMI 2021' projection model mortality tables adjusted so as to apply a minimum annual rate of improvement of 1.25% a year. Samples of the ages to which pensioners are assumed to live are as follows:

	2022	2021
Life expectancy of pensioners currently aged 65		
Male	86.2	86.2
Female	88.1	88.0
Life expectancy at age 65 for future pensioner currently aged 45		
Male	87.5	87.5
Female	89.6	89.5

The plan's assets are invested in the following asset classes:

	Fair value	
	2022 \$m	2021 \$m
UK equities	36.9	40.1
US equities	42.6	46.3
Japanese equities	7.5	8.1
Emerging market equities	3.9	5.3
Global loan fund	12.1	13.5
Buy and maintain fund	7.3	–
Liability driven investment funds	19.0	33.0
Infrastructure	11.0	11.4
Cash and cash equivalents	0.9	0.8
	141.2	158.5

The amounts recognised in the balance sheet are determined as follows:

	2022 \$m	2021 \$m
Fair value of plan assets	141.2	158.5
Present value of funded defined benefit obligation	(122.7)	(152.3)
Net asset recognised in the balance sheet	18.5	6.2

The components of the defined benefit cost recognised in the income statement are as follows:

	2022 \$m	2021 \$m
Current service cost	–	0.6
Past service cost	–	(2.5)
Net interest on the net defined benefit plan	(0.1)	0.2
Net income in the income statement	(0.1)	(1.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 PENSIONS (CONTINUED)

The remeasurements of the defined benefit plan recognised in the statement of comprehensive income are as follows:

	2022 \$m	2021 \$m
Actuarial gain/(loss) due to changes in financial assumptions	18.1	(4.0)
Actuarial gain due to changes in demographic assumptions	0.2	0.3
Actuarial (loss)/gain arising from experience adjustments	(1.8)	1.5
(Loss)/return on plan assets excluding amounts recognised in net interest	(5.1)	20.6
Remeasurement of the defined benefit pension plan	11.4	18.4

Movements in the present value of defined benefit obligations were as follows:

	2022 \$m	2021 \$m
At 1 May	152.3	140.1
Current service cost	-	0.6
Past service cost	-	(2.5)
Interest cost	3.0	2.3
Contributions from members	-	0.1
Remeasurements		
- Actuarial (gain)/loss due to changes in financial assumptions	(18.1)	4.0
- Actuarial gain due to changes in demographic assumptions	(0.2)	(0.3)
- Actuarial loss/(gain) arising from experience adjustments	1.8	(1.5)
Benefits paid	(3.2)	(4.1)
Exchange differences	(12.9)	13.6
At 30 April	122.7	152.3

The key assumptions used in valuing the defined benefit obligation are: discount rate; inflation; and mortality. The sensitivity of the results to these assumptions is as follows:

- An increase in the discount rate of 0.5% would result in a \$9m (2021: \$13m) decrease in the defined benefit obligation.
- An increase in the inflation rate of 0.5% would result in an \$8m (2021: \$12m) increase in the defined benefit obligation. This includes the resulting change to other assumptions that are related to inflation such as pensions and salary growth.
- A one-year increase in the pensioner life expectancy at age 65 would result in a \$6m (2021: \$8m) increase in the defined benefit obligation.

The above sensitivity analysis has been determined based on reasonably possible changes to the significant assumptions, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date. This is the same approach as has been adopted in previous periods.

Movements in the fair value of plan assets were as follows:

	2022 \$m	2021 \$m
At 1 May	158.5	124.8
Interest income	3.1	2.1
Remeasurement - (loss)/return on plan assets excluding amounts recognised in net interest	(5.1)	20.6
Employer contributions	2.5	1.8
Contributions from members	-	0.1
Benefits paid	(3.2)	(4.1)
Exchange differences	(14.6)	13.2
At 30 April	141.2	158.5

The actual return on plan assets was a \$2m loss (2021: \$23m gain).

25 FINANCIAL RISK MANAGEMENT

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

It is the role of the Group treasury function to manage and monitor the Group's financial risks and internal and external funding requirements in support of the Group's corporate objectives. Treasury activities are governed by policies and procedures approved by the Board and monitored by the Finance and Administration Committee. In particular, the Board of directors or, through delegated authority, the Finance and Administration Committee, approves any derivative transactions. Derivative transactions are only undertaken for the purposes of managing interest rate risk and currency risk. The Group does not trade in financial instruments. The Group maintains treasury control systems and procedures to monitor liquidity, currency, credit and financial risks.

Market risk

The Group's activities expose it primarily to interest rate and currency risk. Interest rate risk is monitored on a continuous basis and managed, where appropriate, through the use of interest rate swaps whereas, the use of forward foreign exchange contracts to manage currency risk is considered on an individual non-trading transaction basis. The Group is not exposed to commodity price risk or equity price risk as defined in IFRS 7.

Interest rate risk

Management of fixed and variable rate debt

The Group has fixed and variable rate debt in issue with 59% of the drawn debt at a fixed rate as at 30 April 2022, excluding lease liabilities. The Group's accounting policy requires all borrowings to be held at amortised cost. As a result, the carrying value of fixed rate debt is unaffected by changes in credit conditions in the debt markets and there is therefore no exposure to fair value interest rate risk. The Group's debt that bears interest at a variable rate comprises all outstanding borrowings under the senior secured credit facility. Pricing is based on leverage and average availability according to a grid, varying from the applicable interest rate plus 125bp to 150bp. The applicable interest rate is based on LIBOR for US dollar loans, SONIA for sterling loans and CDOR for Canadian dollar loans. At 30 April 2022, the borrowing rate was the applicable interest rate plus 125bp. The ABL facility includes provision for the US LIBOR transition. The Group periodically utilises interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. However, during the year ended and as at 30 April 2022, the Group had no such swap agreements outstanding. The Group also may at times hold cash and cash equivalents which earn interest at a variable rate.

Net variable rate debt sensitivity

At 30 April 2022, based upon the amount of variable rate debt outstanding, the Group's pre-tax profits would change by approximately \$21m for each one percentage point change in interest rates applicable to the variable rate debt and, after tax effects, equity would change by approximately \$19m. The amount of the Group's variable rate debt may fluctuate as a result of changes in the amount of debt outstanding under the senior secured credit facility.

Currency risk

Currency risk is predominantly translation risk as there are no significant transactions in the ordinary course of business that take place between foreign entities. The Group's reporting currency is US dollars. The majority of our assets, liabilities, revenue and costs are denominated in US dollars, but sterling and Canadian dollars make up 24% of our net assets. Fluctuations in the value of pounds sterling and Canadian dollars with respect to US dollars may have an impact on our financial condition and results of operations as reported in US dollars. The Group's financing is arranged such that the majority of its debt and interest expense is in US dollars. At 30 April 2022, 88% of its debt (including lease liabilities) were denominated in US dollars.

The Group's exposure to exchange rate movements on trading transactions is relatively limited. All Group companies invoice revenue in their respective local currency and generally incur expense and purchase assets in their local currency. Consequently, the Group does not routinely hedge either forecast foreign exchange exposures or the impact of exchange rate movements on the translation of overseas profits into dollars. Where the Group does hedge, it maintains appropriate hedging documentation. Foreign exchange risk on significant non-trading transactions is considered on an individual basis.

Resultant impacts of reasonably possible changes to foreign exchange rates

Based on the current currency mix of our profits and on current sterling and dollar debt levels, interest and exchange rates at 30 April 2022, a 1% change in the pound sterling and Canadian dollar to US dollar exchange rates would impact pre-tax profit by \$1m and equity by approximately \$13m. At 30 April 2022, the Group had no outstanding foreign exchange contracts.

Credit risk

The Group's principal financial assets are cash and bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of loss allowances. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, which are net of impairment losses, represent the Group's maximum exposure to credit risk.

The Group has a large number of unrelated customers, serving over 800,000 during the financial year, and does not have any significant credit exposure to any particular customer. Each business segment manages its own exposure to credit risk according to the economic circumstances and characteristics of the markets they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage it more effectively. However, broad principles of credit risk management practice are observed across the Group, such as the use of credit reference agencies and the maintenance of credit control functions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The Group generates significant free cash flow before investment (defined as cash flow from operations less replacement capital expenditure net of proceeds of asset disposals, interest paid and tax paid). This free cash flow before investment is available to the Group to invest in growth capital expenditure, acquisitions, dividend payments and other returns to shareholders or to reduce debt.

In addition to the strong free cash flow from normal trading activities, additional liquidity is available through the Group's ABL facility. At 30 April 2022, availability under the \$4.5bn facility was \$2,537m (\$3,011m at 30 April 2021), which compares with the threshold of \$450m, above which the covenant does not apply.

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial asset held by the Group, are settled gross by customers.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities, excluding trade and other payables which fall due within one year and lease liabilities which are analysed in Note 18. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity. The undiscounted cash flows have been calculated using foreign currency exchange rates and interest rates ruling at the balance sheet date.

At 30 April 2022

	Undiscounted cash flows – year to 30 April						Total \$m
	2023 \$m	2024 \$m	2025 \$m	2026 \$m	2027 \$m	Thereafter \$m	
Bank and other debt	–	–	–	–	2,108.1	–	2,108.1
1.500% senior notes	–	–	–	–	550.0	–	550.0
4.375% senior notes	–	–	–	–	–	600.0	600.0
4.000% senior notes	–	–	–	–	–	600.0	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
2.450% senior notes	–	–	–	–	–	750.0	750.0
	–	–	–	–	2,658.1	2,550.0	5,208.1
Interest payments	144.4	144.4	144.4	144.4	96.8	174.6	849.0
	144.4	144.4	144.4	144.4	2,754.9	2,724.6	6,057.1

Letters of credit of \$57m (2021: \$52m) are provided and guaranteed under the ABL facility which expires in August 2026.

At 30 April 2021

	Undiscounted cash flows – year to 30 April						Total \$m
	2022 \$m	2023 \$m	2024 \$m	2025 \$m	2026 \$m	Thereafter \$m	
Bank and other debt	–	–	1,225.2	–	–	–	1,225.2
4.125% senior notes	–	–	–	–	600.0	–	600.0
5.250% senior notes	–	–	–	–	–	600.0	600.0
4.375% senior notes	–	–	–	–	–	600.0	600.0
4.000% senior notes	–	–	–	–	–	600.0	600.0
4.250% senior notes	–	–	–	–	–	600.0	600.0
	–	–	1,225.2	–	600.0	2,400.0	4,225.2
Interest payments	148.8	148.8	143.2	132.0	114.5	179.1	866.4
	148.8	148.8	1,368.4	132.0	714.5	2,579.1	5,091.6

Fair value of financial instruments

Financial assets and liabilities are measured in accordance with the fair value hierarchy and assessed as Level 1, 2 or 3 based on the following criteria:

- Level 1: fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Fair value of derivative financial instruments

At 30 April 2022, the Group had no derivative financial instruments. The embedded prepayment options included within the senior notes are either closely related to the host debt contract or immaterial and hence, are not accounted for separately. These loan notes are carried at amortised cost.

Fair value of non-derivative financial assets and liabilities

The table below provides a comparison, by category of the carrying amounts and the fair values of the Group's non-derivative financial assets and liabilities at 30 April 2022.

		At 30 April 2022		At 30 April 2021	
		Book value \$m	Fair value \$m	Book value \$m	Fair value \$m
Long-term borrowings					
- first priority senior secured bank debt	Level 1	2,108.1	2,108.1	1,225.2	1,225.2
- 4.125% senior notes	Level 1	-	-	600.0	616.5
- 5.250% senior notes	Level 1	-	-	600.0	627.8
- 1.500% senior notes	Level 1	548.8	487.4	-	-
- 4.375% senior notes	Level 1	600.0	583.5	600.0	628.5
- 4.000% senior notes	Level 1	600.0	564.7	600.0	627.7
- 4.250% senior notes	Level 1	600.0	566.2	600.0	641.3
- 2.450% senior notes	Level 1	748.2	607.5	-	-
Total long-term borrowings		5,205.1	4,917.4	4,225.2	4,367.0
Deferred costs of raising finance		(25.0)	-	(31.2)	-
		5,180.1	4,917.4	4,194.0	4,367.0
Other financial instruments ¹					
Contingent consideration provision	Level 3	33.4	33.4	27.9	27.9
Financial asset investments	Level 3	40.0	40.0	-	-
Cash and cash equivalents	Level 1	15.3	15.3	26.6	26.6

Note

1 The Group's trade and other receivables, trade and other payables and lease liabilities are not shown in the table above. The carrying amounts of trade and other receivables and trade and other payables categories approximate their fair values. Required disclosures relating to lease liabilities are provided in Note 18.

Contingent consideration provisions are a Level 3 financial liability. Future anticipated payments to vendors in respect of contingent consideration are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent upon the future financial performance of the businesses acquired. The fair value is estimated based on internal financial projections prepared in relation to the acquisition with the contingent consideration discounted to present value using a discount rate in line with the Group's cost of debt.

Financial asset investments are measured as fair value through profit and loss as a Level 3 financial asset. The fair value is estimated based on the latest transaction price and any subsequent investment-specific adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26 NOTES TO THE CASH FLOW STATEMENT

a. Cash flow from operating activities

	2022 \$m	2021 \$m
Operating profit	1,947.8	1,498.0
Depreciation	1,553.0	1,457.6
Amortisation	108.6	81.2
EBITDA	3,609.4	3,036.8
Profit on disposal of rental equipment	(78.9)	(24.9)
Profit on disposal of other property, plant and equipment	(9.0)	(0.4)
(Increase)/decrease in inventories	(67.2)	5.3
Increase in trade and other receivables	(164.1)	(127.8)
Increase in trade and other payables	68.8	118.6
Exchange differences	(0.6)	(0.1)
Other non-cash movement	48.1	9.5
Cash generated from operations before changes in rental equipment	3,406.5	3,017.0

b. Acquisitions

	2022 \$m	2021 \$m
Cash consideration paid		
– acquisitions in the period (net of cash acquired)	1,264.8	170.7
– contingent consideration	12.6	24.4
	1,277.4	195.1

During the year, 25 acquisitions were made for a total cash consideration of \$1,265m (2021: \$171m), after taking account net cash acquired of \$20m (2021: \$nil). Further details are provided in Note 27.

Payments for contingent consideration on prior year acquisitions were also made of \$13m (2021: \$24m).

c. Analysis of net debt

Net debt consists of total borrowings less cash and cash equivalents. Borrowings exclude accrued interest. Non-US dollar denominated balances are translated to US dollars at rates of exchange ruling at the balance sheet date.

	1 May 2021 \$m	Cash flow \$m	Non-cash movements				30 April 2022 \$m
			Exchange movement \$m	Debt acquired \$m	New lease liabilities \$m	Other movements \$m	
Long-term borrowings	4,194.0	991.8	(29.5)	5.8	–	18.0	5,180.1
Lease liabilities	1,633.3	(107.6)	(18.4)	125.9	362.0	–	1,995.2
Total liabilities from financing activities	5,827.3	884.2	(47.9)	131.7	362.0	18.0	7,175.3
Cash and cash equivalents	(26.6)	10.5	0.8	–	–	–	(15.3)
Net debt	5,800.7	894.7	(47.1)	131.7	362.0	18.0	7,160.0

	1 May 2020 \$m	Cash flow \$m	Non-cash movements				30 April 2021 \$m
			Exchange movement \$m	Debt acquired \$m	New lease liabilities \$m	Other movements \$m	
Long-term borrowings	5,666.0	(1,585.0)	102.0	–	–	11.0	4,194.0
Lease liabilities	1,402.8	(73.9)	32.3	25.2	246.9	–	1,633.3
Total liabilities from financing activities	7,068.8	(1,658.9)	134.3	25.2	246.9	11.0	5,827.3
Cash and cash equivalents	(304.4)	282.8	(5.0)	–	–	–	(26.6)
Net debt	6,764.4	(1,376.1)	129.3	25.2	246.9	11.0	5,800.7

27 ACQUISITIONS

During the year, the following acquisitions were completed:

- i) On 12 May 2021, Sunbelt Canada acquired the business and assets of Island Equipment Rentals Ltd. ('Island Equipment'). Island Equipment is a general tool business in British Columbia.
- ii) On 26 May 2021, Sunbelt US acquired the business and assets of Randall Industries, Inc. ('Randall'). Randall is a general tool business in Illinois and Indiana.
- iii) On 24 June 2021, Sunbelt US acquired the business and assets of AMI3, LLC, trading as Iron Equipment Rental ('IER'). IER is a general tool business in Ohio.
- iv) On 21 July 2021, Sunbelt US acquired the business and assets of National Drying Technologies LLC ('NDT'). NDT is a specialty business in Florida and Georgia.
- v) On 28 July 2021, Sunbelt US acquired the business and assets of Special Event Service & Rental, Inc. ('SESR'). SESR is a specialty business in Tennessee and Nevada.
- vi) On 18 August 2021, Sunbelt US acquired the business and assets of Lloyd's Rental & Sales, Inc. ('Lloyd's'). Lloyd's is a general tool business in Pennsylvania.
- vii) On 25 August 2021, Sunbelt US acquired the business and assets of Bedrock Tool & Equipment Co. ('Bedrock'). Bedrock is a general tool business in Ohio.
- viii) On 28 September 2021, Sunbelt US acquired the business and assets of 202 Rent All, Inc. ('202 Rent All'). 202 Rent All is a general tool business in Pennsylvania.
- ix) On 13 October 2021, Sunbelt US acquired the business and assets of Atlas Aerials & Equipment, LLC ('Atlas Aerials'). Atlas Aerials is a general tool business in Illinois.
- x) On 22 October 2021, Sunbelt US acquired the business and assets of Action Rental Holdings, LLC, Action Equipment Holdings, LLC and Action Rentals Trench, Shoring & Supply, LLC (together 'Action'). Action is a general tool business in Florida, Georgia and Louisiana.
- xi) On 5 November 2021, Sunbelt US acquired the business and assets of All Keys Rental, LLC ('All Keys'). All Keys is a general tool business in Florida.
- xii) On 19 November 2021, Sunbelt US acquired the business and assets of Essex Rental & Sales Center, Inc. ('Essex'). Essex is a general tool business in Vermont.
- xiii) On 23 November 2021, Sunbelt Canada acquired the business and assets of Lift Services, Inc. ('Lift Services'). Lift Services is a general tool business in Ontario.
- xiv) On 1 December 2021, Sunbelt US acquired the entire share capital of Mahaffey Tent & Awning LLC, Mahaffey USA LLC, Mahaffey Industrial Contractors LLC and Cajun Affiliates LLC (together 'Mahaffey'). Mahaffey is a specialty business operating across the United States.
- xv) On 8 December 2021, Sunbelt US acquired the business and assets of Dorado Holdings, LLC, trading as Toolshed Equipment Rental ('Toolshed'). Toolshed is a general tool business in California.
- xvi) On 10 December 2021, Sunbelt US acquired the business and assets of Jackson Rents & Supply, Inc. ('Jackson'). Jackson is a general tool business in Florida.
- xvii) On 15 December 2021, Sunbelt US acquired the business and assets of Pilchuck Equipment Rental & Sales, L.L.C. ('Pilchuck'). Pilchuck is a general tool business in Washington.
- xviii) On 17 December 2021, Sunbelt US acquired the business and assets of Illinois Truck & Equipment Co., Inc. ('ITE'). ITE is a general tool business in Illinois.
- xix) On 21 January 2022, Sunbelt US acquired the business and assets of Priority Equipment Rental, Ltd. ('Priority'). Priority is a general tool business in Pennsylvania.
- xx) On 1 February 2022, Sunbelt US acquired the business and assets of Total Equipment Rental, Inc. ('Total Equipment'). Total Equipment is a general tool business in California.
- xxi) On 11 February 2022, Sunbelt US acquired the business and assets of California High Reach & Equipment Rental, Inc. ('CHR'). CHR is a general tool business in California.
- xxii) On 15 February 2022, Sunbelt US acquired the entire share capital of ComRent Holdings, Inc. ('ComRent'). ComRent is a specialty business operating in California, Illinois, Maryland, Texas and Ontario, Canada.
- xxiii) On 18 March 2022, Sunbelt US acquired the business and assets of D&D Lift, LLC and Reach Solutions II, LLC (together 'D&D'). D&D is a general tool business in California.
- xxiv) On 22 March 2022, Sunbelt US acquired the business and assets of Bondservant Life, Inc., trading as CBB Sales & Rental ('CBB'). CBB is a general tool business in Alabama.
- xxv) On 24 March 2022, Sunbelt US acquired the business and assets of Baker Rentals and Sales, Inc. and Baker Party Rentals, Inc. (together 'Baker'). Baker is a general tool business in California.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27 ACQUISITIONS (CONTINUED)

The following table sets out the fair value of the identifiable assets and liabilities acquired by the Group. The fair values have been determined provisionally at the balance sheet date.

	Fair value to the Group \$m
Net assets acquired	
Trade and other receivables	202.3
Inventory	1.4
Current tax	0.7
Property, plant and equipment	
– rental equipment	456.8
– other assets	28.5
Right-of-use assets	125.9
Creditors	(107.7)
Deferred tax	(14.3)
Debt	(5.8)
Lease liabilities	(125.9)
Intangible assets (non-compete agreements and customer relationships)	202.2
	764.1
Consideration:	
– cash paid and due to be paid (net of cash acquired)	1,268.1
– contingent consideration	19.1
	1,287.2
Goodwill	523.1

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses and to the synergies and other benefits the Group expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilisation of the acquired rental fleet, using the Group's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Group's proprietary software to optimise revenue opportunities. \$372m of the goodwill is expected to be deductible for income tax purposes.

The gross value and the fair value of trade receivables at acquisition was \$202m.

Due to the operational integration of acquired businesses with the US, Canada and UK post-acquisition, in particular due to the merger of some stores, the movement of rental equipment between stores and investment in the rental fleet, it is not practical to report the revenue and profit of the acquired businesses post-acquisition.

The revenue and operating profit of these acquisitions from 1 May 2021 to their date of acquisition was not material.

28 CONTINGENT LIABILITIES

Following its state aid investigation, in April 2019 the European Commission announced its decision that the Group Financing Exemption in the UK controlled foreign company ('CFC') legislation constitutes state aid in some circumstances. In common with the UK Government and other UK-based international companies, the Group does not agree with the decision and has therefore lodged a formal appeal with the General Court of the European Union. In common with other UK taxpayers, the Group's appeal has been stayed while the appeals put forward by the UK Government and ITV plc proceed.

On 8 June 2022 the General Court of the European Union dismissed the appeals put forward by the UK Government and ITV plc. However, there remains a high degree of uncertainty in the final outcome given it is likely that both the UK Government and ITV plc will appeal the decision. Accordingly, the Group does not consider that the decision affects its position but will continue to monitor proceedings closely.

Despite the UK Government appealing the European Commission's decision, Her Majesty's Revenue & Customs ('HMRC') was required to make an assessment of the tax liability which would arise if the decision is not successfully appealed and collect that amount from taxpayers. HMRC issued a charging notice stating that the tax liability it believes to be due on this basis is £36m, including interest payable. The Group has appealed the charging notice and has settled the amount assessed on it, including interest, in line with HMRC requirements. The £36m paid has been recognised as a non-current asset on the balance sheet. On successful appeal in whole or in part, all or part of the amount paid in accordance with the charging notice would be returned to the Group. If either the decision reached by the General Court of the European Union or the charging notice issued by HMRC are not ultimately successfully appealed, we have estimated the Group's maximum potential liability to be £36m as at 30 April 2022 (\$45m at April 2022 exchange rates), including any interest payable. Based on the current status of proceedings, we have concluded that no provision is required in relation to this matter.

The £36m (\$45m at April 2022 exchange rates) paid has been recognised as a non-current asset on the balance sheet.

The Company

The Company has guaranteed the borrowings of its subsidiary undertakings under the Group's senior secured credit and overdraft facilities. At 30 April 2022 the amount borrowed under these facilities was \$2,108m (2021: \$1,225m). Subsidiary undertakings are also able to obtain letters of credit under these facilities and, at 30 April 2022, letters of credit issued under these arrangements totalled \$57m (2021: \$52m). In addition, the Company has guaranteed the 1.500%, 4.375%, 4.000%, 4.250% and 2.450% senior notes issued by Ashtead Capital, Inc.

The Company has guaranteed lease commitments of subsidiary undertakings where the minimum lease commitment at 30 April 2022 totalled \$36m (2021: \$34m) in respect of land and buildings of which \$6m is payable by subsidiary undertakings in the year ending 30 April 2023.

The Company has provided a guarantee to the Ashtead Group plc Retirement Benefits Plan ('the plan') that ensures the plan is at least 105% funded as calculated in accordance with Section 179 of the Pensions Act 2004. Based on the last actuarial valuation at 30 April 2019, this guarantee was the equivalent of £20m (\$25m at April 2022 exchange rate).

The Company has guaranteed the performance by subsidiaries of certain other obligations up to \$7m (2021: \$3m).

29 EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date, the Group has completed five acquisitions for total purchase consideration of \$230m as follows:

- i) On 5 May 2022, Sunbelt UK acquired the entire share capital of Movietech Camera Rentals Limited and Movietech Cymru Limited (together 'Movietech'). Movietech is a film and television equipment rental business.
- ii) On 13 May 2022, Sunbelt US acquired the business and assets of the power rental division of Filmwerks, LLC ('Filmwerks'). Filmwerks is a specialty business in North Carolina.
- iii) On 20 May 2022, Sunbelt US acquired the business and assets of Mashburn Equipment, L.L.C. ('Mashburn'). Mashburn is a general tool business in Georgia.
- iv) On 1 June 2022, Sunbelt Canada acquired the entire share capital of MacFarlands Limited ('MacFarlands'). MacFarlands is a general tool business in Nova Scotia and New Brunswick.
- v) On 8 June 2022, Sunbelt US acquired the business and assets of Amos Metz Rentals & Sales, LLC ('Amos Metz'). Amos Metz is a general tool business in California.

The initial accounting for these acquisitions is incomplete. Had these acquisitions taken place on 1 May 2021, their contribution to revenue and operating profit would not have been material.

30 RELATED PARTY TRANSACTIONS

The Group's key management comprises the Company's executive and non-executive directors. Details of their remuneration are given in Note 4 and details of their share interests and share awards are given in the Directors' remuneration report. In relation to the Group's defined benefit pension plan, details are included in Note 24.

31 CAPITAL COMMITMENTS

At 30 April 2022 capital commitments in respect of purchases of rental and other equipment totalled \$1,401m (2021: \$691m), all of which had been ordered. There were no other material capital commitments at the year end.

32 EMPLOYEES

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

	2022 Number	2021 Number
United States	14,934	13,526
United Kingdom	3,947	3,724
Canada	1,575	1,409
	20,456	18,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

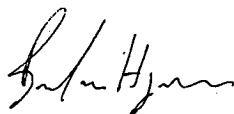
33 PARENT COMPANY INFORMATION

a. Balance sheet of the Company (Company number: 01807982)

	Notes	2022 £m	2021 £m
Current assets			
Prepayments and accrued income		1.3	1.0
Amounts due from subsidiary undertakings	(f)	612.8	629.6
		614.1	630.6
Non-current assets			
Right-of-use assets	(g)	5.4	6.1
Investments in Group companies	(h)	363.7	363.7
Deferred tax asset		9.5	1.3
		378.6	371.1
Total assets		992.7	1,001.7
Current liabilities			
Accruals and deferred income		11.4	6.6
Lease liabilities	(i)	0.8	0.8
		12.2	7.4
Non-current liabilities			
Lease liabilities	(i)	4.8	5.3
Total liabilities		17.0	12.7
Equity			
Share capital	(b)	45.1	45.1
Share premium account	(b)	3.6	3.6
Capital redemption reserve	(b)	11.1	11.1
Own shares held by the Company	(b)	(355.9)	(51.2)
Own shares held through the ESOT	(b)	(34.0)	(28.8)
Retained reserves	(b)	1,305.8	1,009.2
Equity attributable to equity holders of the Company		975.7	989.0
Total liabilities and equity		992.7	1,001.7

The Company reported a profit for the financial year ended 30 April 2022 of £470m (2021: £837m).

These financial statements were approved by the Board on 13 June 2022.



BRENDAN HORGAN
Chief executive



MICHAEL PRATT
Chief financial officer

b. Statement of changes in equity of the Company

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares held by the Company £m	Own shares held through the ESOT £m	Retained reserves £m	Total £m
At 1 May 2020	45.4	3.6	10.8	[115.9]	[27.7]	422.5	338.7
Profit for the year	-	-	-	-	-	836.8	836.8
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	836.8	836.8
Dividends paid	-	-	-	-	-	(182.1)	(182.1)
Own shares purchased by the ESOT	-	-	-	-	(12.5)	-	(12.5)
Share-based payments	-	-	-	-	11.4	(4.2)	7.2
Tax on share-based payments	-	-	-	-	-	0.9	0.9
Cancellation of shares	(0.3)	-	0.3	64.7	-	(64.7)	-
At 30 April 2021	45.1	3.6	11.1	[51.2]	[28.8]	1,009.2	989.0
Profit for the year	-	-	-	-	-	470.2	470.2
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	470.2	470.2
Dividends paid	-	-	-	-	-	(197.5)	(197.5)
Own shares purchased by the ESOT	-	-	-	-	(17.3)	-	(17.3)
Own shares purchased by the Company	-	-	-	(304.7)	-	-	(304.7)
Share-based payments	-	-	-	-	12.1	23.4	35.5
Tax on share-based payments	-	-	-	-	-	0.5	0.5
At 30 April 2022	45.1	3.6	11.1	(355.9)	(34.0)	1,305.8	975.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33 PARENT COMPANY INFORMATION (CONTINUED)

c. Cash flow statement of the Company

	Note	2022 €m	2021 €m
Cash flows from operating activities			
Cash from operations	(k)	41.9	(649.0)
Financing costs paid		(5.3)	(5.8)
Dividends received from Ashtead Holdings PLC		480.0	850.0
Net cash from operating activities		516.6	195.2
Cash flows from financing activities			
Repayment of principal under lease liabilities		(0.6)	(0.6)
Purchase of own shares by the ESOT		(17.3)	(12.5)
Purchase of own shares by the Company		(301.2)	-
Dividends paid		(197.5)	(182.1)
Net cash used in financing activities		(516.6)	(195.2)
Change in cash and cash equivalents		-	-

d. Accounting policies

The Company financial statements have been prepared on the basis of the accounting policies set out in Note 2 above, supplemented by the policy on investments set out below.

Investments in subsidiary undertakings are stated at cost less any necessary provision for impairment in the parent company balance sheet.

e. Income statement

Ashtead Group plc has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet. There were no other amounts of comprehensive income in the financial year.

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

	2022 Number	2021 Number
Employees	19	16

Their aggregate remuneration comprised:

	2022 €m	2021 €m
Salaries	13.2	7.8
Social security costs	1.7	1.4
Other pension costs	0.3	0.3
	15.2	9.5

Staff costs include key management personnel. For more information on key management personnel remuneration see page 140.

f. Amounts due from subsidiary undertakings

	2022 £m	2021 £m
Due within one year:		
Ashtead Holdings PLC	612.8	629.6

The amounts due from subsidiary undertakings are considered to be Stage 1 under the general expected credit losses model and any expected credit losses are immaterial.

g. Right-of-use asset

	Property leases £m
Cost or valuation	
At 1 May 2020, 30 April 2021 and 30 April 2022	7.5
Depreciation	
At 1 May 2020	0.7
Charge for the period	0.7
At 30 April 2021	1.4
Charge for the period	0.7
At 30 April 2022	2.1
Net book value	
At 30 April 2022	5.4
At 30 April 2021	6.1

h. Investments

	Shares in Group companies	
	2022 £m	2021 £m
At 30 April	363.7	363.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33 PARENT COMPANY INFORMATION (CONTINUED)

h. Investments (continued)

Details of the Company's subsidiaries at 30 April 2022 are as follows:

Name	Address of registered office	Principal activity
USA		
Ashtead US Holdings, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Ashtead Holdings, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Investment holding company
Mahaffey Tent & Awning, LLC ¹	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Equipment rental and related services
Mahaffey USA LLC ¹	Cogency Global Inc. 850 New Burton Road, Suite 201, Dover, DE 19904	Equipment rental and related services
Sunbelt Rentals, Inc.	CT Corporation System, 160 Mine Lake Ct., Ste 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Industrial Services, LLC	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Equipment rental and related services
Sunbelt Rentals Scaffold Services, Inc.	CT Corporation System, 160 Mine Lake Ct., Ste. 200, Raleigh, NC 27615-6417	Equipment rental and related services
Sunbelt Rentals Scaffold Services, LLC	CT Corporation System, 3867 Plaza Tower Dr., East Baton Rouge Parish, Baton Rouge, LA 70816	Equipment rental and related services
Pride Corporation	CT Corporation System, 28 Liberty Street, New York, NY 10005	Equipment rental and related services
Ashtead Capital, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Finance company
Sunbelt Rentals Exchange, Inc.	The Corporation Trust Company, 1209 Orange St., Wilmington, DE 19801	Dormant
UK		
Ashtead Holdings PLC	100 Cheapside, London, EC2V 6DT	Investment holding company
Sunbelt Rentals Limited	100 Cheapside, London, EC2V 6DT	Equipment rental and related services
Ashtead Financing Limited	100 Cheapside, London, EC2V 6DT	Finance company
Accession Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Accession Holdings Limited	100 Cheapside, London, EC2V 6DT	Dormant
Anglia Traffic Management Group Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Canada Limited	100 Cheapside, London, EC2V 6DT	Dormant
Astra Site Services Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
ATM Traffic Solutions Limited	100 Cheapside, London, EC2V 6DT	Dormant
Eve Trakway Limited	100 Cheapside, London, EC2V 6DT	Dormant
Hoist It Limited	100 Cheapside, London, EC2V 6DT	Dormant
Opti-cal Survey Equipment Limited	100 Cheapside, London, EC2V 6DT	Dormant
Plantfinder (Scotland) Limited	12 Hope Street, Edinburgh, Scotland, EH2 4DB	Dormant
Precision Geomatics Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ellerbeck Industries Limited	100 Cheapside, London, EC2V 6DT	Dormant
Inlec UK Limited	100 Cheapside, London, EC2V 6DT	Dormant
Ashtead Plant Hire Company Limited	100 Cheapside, London, EC2V 6DT	Dormant
Canada		
Sunbelt Rentals of Canada, Inc.	777 Dunsmuir Street, 11th Floor, Vancouver, BC V7Y1K3	Equipment rental and related services
William F. White International, Inc.	777 Dunsmuir Street, 11th Floor, Vancouver, BC V7Y1K3	Equipment rental and related services
Republic of Ireland		
Ashtead Financing (Ireland) Unlimited Company	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Sunbelt Rentals (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Equipment rental and related services
Ashtead Plant Hire Company (Ireland) Limited	10 Earlsfort Terrace, Dublin 2, D02 T380	Dormant
Germany		
Sunbelt Rentals GmbH	Felix-Wankel-Straße 10, 74632 Neuenstein	Equipment rental and related services
France		
Sunbelt Rentals SAS	5 Avenue Carnot, 91330 Massy	Equipment rental and related services
Bahamas		
Sunbelt Rentals of the Bahamas, Inc.	Ocean Centre, Montagu Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas	Dormant

Note

¹ Mahaffey Tent & Awning, LLC and Mahaffey USA, LLC merged with Sunbelt Rentals, Inc. on 1 May 2022.

The issued share capital (all of which comprises ordinary shares) of subsidiaries is 100% owned by the Company or by subsidiary undertakings and all subsidiaries are consolidated.

i. Lease liabilities**(i) Amounts recognised in the balance sheet**

	2022 £m	2021 £m
Maturity analysis – undiscounted cash flows:		
Less than one year	0.8	0.8
One to five years	3.2	3.2
More than five years	2.3	3.1
Total undiscounted lease liabilities at 30 April	6.3	7.1
Impact of discounting	(0.7)	(1.0)
Lease liabilities included in the balance sheet	5.6	6.1
Included in current liabilities	0.8	0.8
Included in non-current liabilities	4.8	5.3
	5.6	6.1

(ii) Amounts recognised in the income statement

	2022 £m	2021 £m
Depreciation of right-of-use assets	0.7	0.7
Interest on lease liabilities	0.2	0.2
	0.9	0.9

(iii) Amounts recognised in the statement of cash flows

	2022 £m	2021 £m
Financing costs paid in relation to lease liabilities	0.2	0.2
Repayment of principal under lease liabilities	0.7	0.6
Total cash outflow for leases	0.9	0.8

j. Financial instruments

The book value and fair value of the Company's financial instruments are not materially different.

k. Notes to the Company cash flow statement**Cash flow from operating activities**

	2022 £m	2021 £m
Operating loss	(12.9)	(7.1)
Depreciation	0.8	0.8
EBITDA	(12.1)	(6.3)
Increase in prepayments and accrued income	(0.3)	(0.5)
Increase/(decrease) in accruals and deferred income	1.5	(0.1)
Decrease/(increase) in intercompany receivable	47.6	(649.3)
Other non-cash movement	5.2	7.2
Net cash inflow/(outflow) from operations before exceptional items	41.9	(649.0)

TEN-YEAR HISTORY

	2022 ¹	2021 ¹	2020 ¹	2019	2018	2017	2016	2015	2014	2013
In \$m										
Income statement										
Revenue	7,962.3	6,638.6	6,398.9	5,869.7	4,959.1	4,125.0	3,824.7	3,258.4	2,618.6	2,144.4
Operating costs +	(4,352.9)	(3,601.8)	(3,390.7)	(3,121.7)	(2,640.1)	(2,177.7)	(2,055.4)	(1,806.7)	(1,521.1)	(1,327.1)
EBITDA +	3,609.4	3,036.8	3,008.2	2,748.0	2,319.0	1,947.3	1,769.3	1,451.7	1,097.5	817.3
Depreciation +	(1,553.0)	(1,457.6)	(1,380.8)	(1,099.7)	(930.7)	(785.5)	(675.2)	(561.7)	(442.0)	(360.7)
Operating profit +	2,056.4	1,579.2	1,627.4	1,648.3	1,388.3	1,161.8	1,094.1	890.0	655.5	456.6
Interest +	(232.6)	(262.9)	(284.2)	(200.1)	(147.5)	(134.8)	(124.6)	(107.5)	(75.5)	(70.3)
Pre-tax profit +	1,823.8	1,316.3	1,343.2	1,448.2	1,240.8	1,027.0	969.5	782.5	580.0	386.3
Operating profit	1,947.8	1,498.0	1,549.3	1,582.2	1,330.2	1,125.1	1,051.1	864.7	646.8	447.6
Pre-tax profit	1,668.1	1,235.1	1,244.0	1,382.1	1,154.5	990.3	926.5	757.1	571.4	337.7
Cash flow										
Cash flow from operations before exceptional items and changes in rental fleet	3,406.5	3,017.0	3,076.2	2,664.4	2,248.0	1,889.3	1,617.5	1,347.1	1,029.5	789.4
Free cash flow	1,125.4	1,822.2	1,001.5	480.4	516.6	433.1	(93.3)	(138.7)	(85.7)	(78.3)
Balance sheet										
Capital expenditure	2,397.3	947.4	1,877.8	2,070.5	1,657.5	1,405.2	1,863.0	1,698.8	1,186.4	913.8
Book cost of rental equipment	13,538.8	11,854.9	11,868.2	10,796.9	9,046.5	7,564.0	6,564.4	5,591.1	4,349.6	2,885.7
Shareholders' funds	5,033.7	4,525.2	3,748.7	3,650.8	3,481.1	2,549.0	2,168.7	1,708.2	1,392.2	1,062.3
In cents										
Dividend per share	80.0¢	58.0¢	52.91¢	49.81¢	43.59¢	36.88¢	30.37¢	23.15¢	18.76¢	11.73¢
Earnings per share	280.9¢	205.4¢	205.2¢	216.7¢	262.5¢	130.0¢	122.1¢	96.7¢	74.0¢	43.4¢
Adjusted earnings per share	307.1¢	219.1¢	221.5¢	227.2¢	170.6¢	135.0¢	127.8¢	100.1¢	74.6¢	49.8¢
In per cent										
EBITDA margin +	45.3%	45.7%	47.0%	46.8%	46.8%	47.2%	46.3%	44.6%	41.9%	38.1%
Operating profit margin +	25.8%	23.8%	25.4%	28.1%	28.0%	28.2%	28.6%	27.3%	25.0%	21.3%
Pre-tax profit margin +	22.9%	19.8%	21.0%	24.7%	25.0%	24.9%	25.3%	24.0%	22.2%	18.0%
Return on investment +	18.2%	14.9%	15.2%	17.8%	17.6%	17.3%	18.9%	19.4%	18.6%	16.2%
People										
Employees at year end	21,752	18,826	19,284	17,803	15,996	14,220	13,106	11,928	9,934	9,085
Locations										
Stores at year end	1,233	1,126	1,105	1,036	899	808	715	640	556	494

Notes

+ Before exceptional items, amortisation and fair value remeasurements.

¹ The Group elected to apply IFRS 16 using the modified retrospective approach with no restatement of comparative figures. As a result, the results for 2020 to 2022 are not comparable directly to the prior years with the adoption of IFRS 16 resulting in higher EBITDA and operating profit but lower profit before exceptional items, amortisation and tax than under the previous accounting standard.

GLOSSARY OF TERMS

The glossary of terms below sets out definitions of terms used throughout this Annual Report & Accounts. Included are a number of alternative performance measures ('APMs') which the directors have adopted in order to provide additional useful information on the underlying trends, performance and position of the Group. The directors 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 the impact of IFRS 16 to aid comparability with prior year metrics. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs and should not be considered superior to or a substitute for IFRS measures.

Term	Closest equivalent statutory measure	Definition and purpose																												
Adjusted results	See definition	Adjusted results are the results stated before exceptional items and the amortisation of acquired intangibles. Adjusted results are utilised by the Group in its remuneration targets. A reconciliation is shown on the income statement on page 129.																												
Capital expenditure	None	Represents additions to rental equipment and other tangible assets (excluding assets acquired through a business combination).																												
Cash conversion ratio	None	Represents cash flow from operations before changes in rental equipment as a percentage of EBITDA. This measure is utilised to show the proportion of EBITDA converted into cash flow from operations generated by the business before investment expenditures, interest and taxation.																												
		<table><tr><td></td><td></td><td>2022</td><td>2021</td></tr><tr><td>EBITDA (\$m)</td><td>Note 26(a)</td><td>3,609</td><td>3,037</td></tr><tr><td>Cash inflow from operations before changes in rental equipment (\$m)</td><td>Note 26(a)</td><td>3,406</td><td>3,017</td></tr><tr><td>Cash conversion ratio</td><td></td><td>94%</td><td>99%</td></tr></table>			2022	2021	EBITDA (\$m)	Note 26(a)	3,609	3,037	Cash inflow from operations before changes in rental equipment (\$m)	Note 26(a)	3,406	3,017	Cash conversion ratio		94%	99%												
		2022	2021																											
EBITDA (\$m)	Note 26(a)	3,609	3,037																											
Cash inflow from operations before changes in rental equipment (\$m)	Note 26(a)	3,406	3,017																											
Cash conversion ratio		94%	99%																											
Dollar utilisation	None	Dollar utilisation is trailing 12-month rental revenue divided by average fleet at original (or 'first') cost measured over a 12-month period. Dollar utilisation has been identified as one of the Group's key performance indicators. The components used to calculate this measure are shown within the 'Financial review'.																												
Drop through	None	Calculated as the incremental rental revenue which converts into EBITDA (excluding gains from sale of new equipment, merchandise and consumables and from sale of used equipment).																												
		<table><tr><td></td><td>2022</td><td>2021</td><td>Change</td></tr><tr><td>Sunbelt US (\$m)</td><td></td><td></td><td></td></tr><tr><td>Rental revenue</td><td>6,042</td><td>4,933</td><td>1,109</td></tr><tr><td>EBITDA</td><td>3,121</td><td>2,635</td><td></td></tr><tr><td>Gains</td><td>(128)</td><td>(76)</td><td></td></tr><tr><td>EBITDA exc. gains</td><td>2,993</td><td>2,559</td><td>434</td></tr><tr><td>Drop through</td><td></td><td></td><td>39%</td></tr></table>		2022	2021	Change	Sunbelt US (\$m)				Rental revenue	6,042	4,933	1,109	EBITDA	3,121	2,635		Gains	(128)	(76)		EBITDA exc. gains	2,993	2,559	434	Drop through			39%
	2022	2021	Change																											
Sunbelt US (\$m)																														
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Gains	(128)	(76)																												
EBITDA exc. gains	2,993	2,559	434																											
Drop through			39%																											
		This measure is utilised by the Group to demonstrate the incremental profitability generated by the Group as a result of growth in the year.																												
EBITDA	Profit before tax	EBITDA is not defined by IFRS but is a widely accepted profit measure being earnings before interest, tax, depreciation and amortisation. A reconciliation of EBITDA to profit before tax is shown on the income statement on page 129.																												
EBITDA margin	None	EBITDA margin is calculated as EBITDA divided by revenue. Progression in EBITDA margin is an important indicator of the Group's performance and this has been identified as one of the Group's key performance indicators.																												
Exceptional items	None	Exceptional items are those items of income or expense which the directors believe should be disclosed separately by virtue of their significant size or nature and limited predictive value to enable a better understanding of the Group's financial performance.																												
		Excluding these items provides readers with helpful additional information on the performance of the business across periods and against peer companies. It is also consistent with how business performance is reported to the Board and the remuneration targets set by the Company. Details are provided in Note 5 of the financial statements.																												

GLOSSARY OF TERMS CONTINUED

Term	Closest equivalent statutory measure	Definition and purpose																																																							
Free cash flow	Net cash generated from operating activities	<p>Net cash generated from operating activities less non-rental net property, plant and equipment expenditure. Non-rental net property, plant and equipment expenditure comprises payments for non-rental capital expenditure less disposal proceeds received in relation to non-rental asset disposals.</p> <table><tr><td></td><td>2022 (\$m)</td><td>2021 (\$m)</td></tr><tr><td>Net cash generated from operating activities</td><td>1,499.0</td><td>1,942.2</td></tr><tr><td>Payments for non-rental property, plant and equipment</td><td>(398.4)</td><td>(138.3)</td></tr><tr><td>Proceeds from disposal of non-rental property, plant and equipment</td><td>24.8</td><td>18.3</td></tr><tr><td>Free cash flow</td><td>1,125.4</td><td>1,822.2</td></tr></table> <p>This measure shows the cash retained by the Group prior to discretionary expenditure on acquisitions and returns to shareholders.</p>		2022 (\$m)	2021 (\$m)	Net cash generated from operating activities	1,499.0	1,942.2	Payments for non-rental property, plant and equipment	(398.4)	(138.3)	Proceeds from disposal of non-rental property, plant and equipment	24.8	18.3	Free cash flow	1,125.4	1,822.2																																								
	2022 (\$m)	2021 (\$m)																																																							
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Proceeds from disposal of non-rental property, plant and equipment	24.8	18.3																																																							
Free cash flow	1,125.4	1,822.2																																																							
Growth at constant exchange rates	None	<p>Calculated by applying the current period exchange rate to the comparative period result. The relevant foreign currency exchange rates are provided within Note 2, Accounting policies, to the financial statements. This measure is used as a means of eliminating the effects of foreign exchange rate movements on the period-on-period changes in reported results.</p> <table><tr><td></td><td>2022</td><td>2021</td><td>%</td></tr><tr><td>Rental revenue (\$m)</td><td></td><td></td><td></td></tr><tr><td>As reported</td><td>7,235</td><td>5,902</td><td>23%</td></tr><tr><td>Retranslation effect</td><td>-</td><td>33</td><td></td></tr><tr><td>At constant currency</td><td>7,235</td><td>5,935</td><td>22%</td></tr><tr><td>Adjusted profit before tax (\$m)</td><td></td><td></td><td></td></tr><tr><td>As reported</td><td>1,824</td><td>1,316</td><td>39%</td></tr><tr><td>Retranslation effect</td><td>-</td><td>4</td><td></td></tr><tr><td>At constant currency</td><td>1,824</td><td>1,320</td><td>38%</td></tr></table>		2022	2021	%	Rental revenue (\$m)				As reported	7,235	5,902	23%	Retranslation effect	-	33		At constant currency	7,235	5,935	22%	Adjusted profit before tax (\$m)				As reported	1,824	1,316	39%	Retranslation effect	-	4		At constant currency	1,824	1,320	38%																			
	2022	2021	%																																																						
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Retranslation effect	-	4																																																							
At constant currency	1,824	1,320	38%																																																						
Leverage	None	<p>Leverage calculated at constant exchange rates uses the period end exchange rate for the relevant period and is determined as net debt divided by adjusted EBITDA.</p> <table><tr><td></td><td colspan="2">2022</td><td colspan="2">2021</td></tr><tr><td></td><td>Excluding IFRS 16</td><td>Including IFRS 16</td><td>Excluding IFRS 16</td><td>Including IFRS 16</td></tr><tr><td>Net debt (\$m)</td><td></td><td></td><td></td><td></td></tr><tr><td>As reported and at constant currency</td><td>5,179</td><td>7,160</td><td>4,180</td><td>5,801</td></tr><tr><td>EBITDA (\$m)</td><td></td><td></td><td></td><td></td></tr><tr><td>As reported</td><td>3,430</td><td>3,609</td><td>2,885</td><td>3,037</td></tr><tr><td>Retranslation effect</td><td>(23)</td><td>(24)</td><td>20</td><td>22</td></tr><tr><td>At constant currency</td><td>3,407</td><td>3,585</td><td>2,905</td><td>3,059</td></tr><tr><td>Leverage</td><td></td><td></td><td></td><td></td></tr><tr><td>As reported</td><td>1.5</td><td>2.0</td><td>1.4</td><td>1.9</td></tr><tr><td>At constant currency</td><td>1.5</td><td>2.0</td><td>1.4</td><td>1.9</td></tr></table> <p>This measure is used to provide an indication of the strength of the Group's balance sheet and is widely used by investors and credit rating agencies. It also forms part of the remuneration targets of the Group and has been identified as one of the Group's key performance indicators.</p>		2022		2021			Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16	Including IFRS 16	Net debt (\$m)					As reported and at constant currency	5,179	7,160	4,180	5,801	EBITDA (\$m)					As reported	3,430	3,609	2,885	3,037	Retranslation effect	(23)	(24)	20	22	At constant currency	3,407	3,585	2,905	3,059	Leverage					As reported	1.5	2.0	1.4	1.9	At constant currency	1.5	2.0	1.4	1.9
	2022		2021																																																						
	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16	Including IFRS 16																																																					
Net debt (\$m)																																																									
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Leverage																																																									
As reported	1.5	2.0	1.4	1.9																																																					
At constant currency	1.5	2.0	1.4	1.9																																																					
Net debt	None	<p>Net debt is total borrowings (bank, bonds) and lease liabilities less cash balances, as reported. This measure is used to provide an indication of the Group's overall level of indebtedness and is widely used by investors and credit rating agencies. It has been identified as one of the Group's key performance indicators. An analysis of net debt is provided in Note 26(c) of the financial statements.</p>																																																							
Operating profit	Profit before tax	<p>Operating profit is earnings before interest and tax. A reconciliation of operating profit to profit before tax is shown on the income statement on page 129.</p>																																																							
Operating profit margin	None	<p>Operating profit margin is calculated as operating profit divided by revenue. Progression in operating profit margin is an important indicator of the Group's performance.</p>																																																							

Term	Closest equivalent statutory measure	Definition and purpose																												
Organic measures	See definition	Organic measures are used to explain the financial and operational performance of Sunbelt US and comprise all locations, excluding locations arising from a bolt-on acquisition completed after the start of the comparative financial period.																												
Return on Investment ('Rol')	None	<p>Last 12-month ('LTM') adjusted operating profit divided by the last 12-month average of the sum of net tangible and intangible fixed assets, plus net working capital but excluding net debt and tax. Rol is calculated excluding the impact of IFRS 16.</p> <p>Rol is used by management to help inform capital allocation decisions within the business and has been identified as one of the Group's key performance indicators. It also forms part of the remuneration targets of the Group. The impact of IFRS 16 has been excluded so as to reflect the way the business is managed.</p> <p>A reconciliation of Group Rol is provided below:</p> <table><tr><th></th><th>2022</th><th>2021</th></tr><tr><td>Adjusted operating profit (\$m)</td><td>2,028</td><td>1,552</td></tr><tr><td>Average net assets (\$m)</td><td>11,119</td><td>10,411</td></tr><tr><td>Return on investment (%)</td><td>18%</td><td>15%</td></tr></table> <p>Rol for the businesses is calculated in the same way, but excludes goodwill and intangible assets:</p> <table><tr><th></th><th>US (\$m)</th><th>Canada (C\$m)</th><th>UK (£m)</th></tr><tr><td>Adjusted operating profit</td><td>1,829</td><td>139</td><td>86</td></tr><tr><td>Average net assets, excluding goodwill and intangibles</td><td>7,305</td><td>679</td><td>624</td></tr><tr><td>Return on investment</td><td>25%</td><td>20%</td><td>14%</td></tr></table>		2022	2021	Adjusted operating profit (\$m)	2,028	1,552	Average net assets (\$m)	11,119	10,411	Return on investment (%)	18%	15%		US (\$m)	Canada (C\$m)	UK (£m)	Adjusted operating profit	1,829	139	86	Average net assets, excluding goodwill and intangibles	7,305	679	624	Return on investment	25%	20%	14%
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Adjusted operating profit	1,829	139	86																											
Average net assets, excluding goodwill and intangibles	7,305	679	624																											
Return on investment	25%	20%	14%																											

Other terms used within this Annual Report & Accounts include:

- **Availability:** represents the headroom on a given date under the terms of our \$4.5bn asset-backed senior bank facility, taking account of current borrowings.
- **Fleet age:** net book value weighted age of serialised rental assets. Serialised rental assets constitute the substantial majority of our fleet.
- **Fleet on rent:** quantity measured at original cost of our rental fleet on rent. Fleet on rent has been identified as one of the Group's key performance indicators.
- **Rental only revenue:** rental revenue excluding loss damage waiver, environmental fees and revenue from rental equipment delivery and collection.
- **RIDDOR rate:** the RIDDOR ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations') reportable rate is the number of major injuries or over seven-day injuries per 100,000 hours worked.
- **Same store:** same stores are those locations which were open at the start of the comparative financial period.
- **Segment profit:** operating profit before amortisation and exceptional items by segment.
- **Staff turnover:** staff turnover is calculated as the number of leavers in a year (excluding redundancies) divided by the average headcount during the year.
- **Suppressed availability:** represents the amount on a given date that the asset base exceeds the facility size under the terms of our \$4.5bn asset-backed senior bank facility.

FINANCIAL CALENDAR AND ADVISERS

FUTURE DATES

Quarter 1 results	6 September 2022
2022 Annual General Meeting	6 September 2022
Quarter 2 results	6 December 2022
Quarter 3 results	7 March 2023
Quarter 4 and year-end results	14 June 2023

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