

Ashtead Group plc
Consolidated Financial Statements
As of and for the Years Ended April 30, 2025, 2024 and 2023

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Report of Independent Registered Public Accounting Firm

To the board of directors and shareholders of Ashtead Group plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ashtead Group plc and its subsidiaries (the “Company”) as of April 30, 2025 and 2024, and the related consolidated statements of income, of comprehensive income, of stockholders’ equity and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Identification of impairment indicators of rental equipment

As described in Notes 2 and 7 to the consolidated financial statements, as of April 30, 2025, the Company recorded \$11,340 million of rental equipment, net. At each reporting date, management assesses whether there are events or changes in circumstances that indicate that the rental equipment’s carrying amount may not be recoverable. Management judgement is necessary in identifying impairment indicators including the period over which assets have not been rented, the period any assets have been down for repair, the current market conditions and the level of return on investment generated from the assets.

The principal considerations for our determination that performing procedures relating to the identification of impairment indicators of rental equipment is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to events or changes in circumstances indicating that the carrying amounts may not be recoverable.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for identifying rental equipment to be evaluated for impairment; (ii) testing the completeness and accuracy of underlying data used in the analysis; (iii) evaluating events or changes in circumstances indicating that the carrying amount may not be recoverable, including, the period over which assets have not been rented, the period any assets have been down for repair, the current market conditions and the level of return on investment generated from the assets and (iv) considering whether the impairment indicators used in the evaluation were consistent with (a) the current and past performance of the assets; (b) third party data; and (c) the operating model of the business and evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
London, United Kingdom
September 5, 2025

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Ashtead Group plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Ashtead Group plc and subsidiaries (the "Company") as of April 30, 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for the year ended April 30, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2023, and the results of its operations and its cash flows for the year ended April 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte LLP
London, United Kingdom
September 5, 2025

We began serving as the Company's auditor in 2025. In 2025, we became the predecessor auditor.

Ashtead Group plc
Consolidated Balance Sheets
(in millions, except par value and share amounts)

	As of April 30,		
	2025	2024	2023
ASSETS			
Cash and cash equivalents	\$ 21	\$ 21	\$ 30
Accounts receivable, net of allowance for credit losses of \$102, \$141 and \$107, respectively	1,481	1,528	1,385
Inventory	147	162	181
Prepaid expenses and other assets	372	331	282
Total current assets	2,021	2,042	1,878
Rental equipment, net	11,340	11,465	9,649
Property and equipment, net	2,038	1,911	1,509
Goodwill	3,348	3,280	2,935
Other intangible assets, net	433	526	550
Operating lease right-of-use assets	2,523	2,403	2,107
Other long-term assets	267	257	219
Total non-current assets	19,949	19,842	16,969
Total assets	\$ 21,970	\$ 21,884	\$ 18,847
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable	\$ 302	\$ 522	\$ 582
Accrued expenses and other liabilities	991	1,142	1,077
Operating lease liabilities	266	249	217
Total current liabilities	1,559	1,913	1,876
Long-term debt	7,500	7,995	6,595
Deferred taxes	2,288	2,248	2,001
Non-current portion of operating lease liabilities	2,434	2,311	2,026
Other long-term liabilities	390	357	339
Total non-current liabilities	12,612	12,911	10,961
Total liabilities	14,171	14,824	12,837
Commitments and contingencies (Note 15)			
Stockholders' equity:			
Common stock – £0.10 par value, 451,354,833 and 430,708,216 shares issued and outstanding, respectively, as of April 30, 2025, 451,354,833 and 436,444,938 shares issued and outstanding, respectively, as of April 30, 2024 and 451,354,833 and 437,506,567 shares issued and outstanding, respectively, as of April 30, 2023	82	82	82
Additional paid-in capital	46	37	35
Retained earnings	9,103	8,084	6,937
Treasury stock at cost – 20,111,957, 14,056,026 and 12,861,499 shares as of April 30, 2025, 2024 and 2023, respectively	(1,171)	(819)	(741)
Common stock held by the ESOT – 534,660, 853,869 and 986,767 shares as of April 30, 2025, 2024 and 2023, respectively	(35)	(44)	(39)
Accumulated other comprehensive loss	(226)	(280)	(264)
Total stockholders' equity	7,799	7,060	6,010
Total liabilities and stockholders' equity	\$ 21,970	\$ 21,884	\$ 18,847

See accompanying notes to the consolidated financial statements.

Ashtead Group plc
Consolidated Statements of Income
(in millions, except per share amounts)

	Year Ended April 30		
	2025	2024	2023
Revenues:			
Equipment rentals	\$ 9,980	\$ 9,630	\$ 8,698
Sales of rental equipment	467	859	627
Sales of new equipment, merchandise and consumables	344	370	342
Total revenues	10,791	10,859	9,667
Cost of revenues:			
Cost of equipment rentals, excluding depreciation	4,069	3,874	3,503
Depreciation of rental equipment	1,815	1,653	1,393
Cost of rental equipment sales	386	636	442
Cost of sales of new equipment, merchandise and consumables	201	219	201
Total cost of revenues	6,471	6,382	5,539
Gross profit	4,320	4,477	4,128
Selling, general and administrative expenses	1,385	1,572	1,348
Non-rental depreciation and amortization	436	394	334
Operating income	2,499	2,511	2,446
Interest expense, net	425	428	275
Other expense (income), net	4	(11)	19
Income before provision for income taxes	2,070	2,094	2,152
Provision for income taxes	517	522	547
Net income	1,553	1,572	1,605
Basic earnings per share	3.56	3.60	3.66
Diluted earnings per share	3.55	3.58	3.64

See accompanying notes to the consolidated financial statements.

Ashtead Group plc
Consolidated Statements of Comprehensive Income
(in millions)

	Year Ended April 30,		
	2025	2024	2023
Net income	\$ 1,553	\$ 1,572	\$ 1,605
Other comprehensive income (loss), net of tax :			
Foreign currency translation adjustments ⁽¹⁾	54	(16)	(21)
Loss on cash flow hedge	-	-	(3)
Other comprehensive income (loss)	54	(16)	(24)
Total comprehensive income	\$ 1,607	\$ 1,556	\$ 1,581

⁽¹⁾ There was no material tax impact related to the foreign currency translation adjustments during the years ended April 30, 2025, 2024 and 2023.

See accompanying notes to the consolidated financial statements.

Ashtead Group plc
Consolidated Statements of Stockholders' Equity
(in millions, except per share and share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Common stock held by the ESOT		Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares	Amount			Number of Shares	Amount	Number of Shares	Amount		
Balance as of May 1, 2022	451,354,833	\$ 82	\$ 32	\$ 5,687	7,681,943	\$ (480)	1,231,788	\$ (45)	\$ (240)	\$ 5,036
Net income				1,605						1,605
Foreign currency translation adjustments									(21)	(21)
Loss on cash flow hedge									(3)	(3)
Dividends, \$0.83 per share				(357)						(357)
Stock based compensation			3	2				19		24
Repurchase of common stock					5,179,556	(261)	(245,021)	(13)		(274)
Balance as of April 30, 2023	451,354,833	82	35	6,937	12,861,499	(741)	986,767	(39)	(264)	6,010
Net income				1,572						1,572
Foreign currency translation adjustment									(16)	(16)
Dividends, \$1.01 per share				(437)						(437)
Stock based compensation			2	12				25		39
Repurchase of common stock					1,194,527	(78)	(132,898)	(30)		(108)
Balance as of April 30, 2024	451,354,833	82	37	8,084	14,056,026	(819)	853,869	(44)	(280)	7,060
Net income				1,553						1,553
Foreign currency translation adjustments									54	54
Dividends, \$1.25 per share				(547)						(547)
Stock based compensation			9	13				94		116
Repurchase of common stock					6,055,931	(352)	(319,209)	(85)		(437)
Balance as of April 30, 2025	451,354,833	\$ 82	\$ 46	\$ 9,103	20,111,957	\$ (1,171)	534,660	\$ (35)	\$ (226)	\$ 7,799

See accompanying notes to the consolidated financial statements.

Ashtead Group plc
Consolidated Statements of Cash Flows
(in millions)

	Year Ended April 30,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 1,553	\$ 1,572	\$ 1,605
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,251	2,047	1,727
Gain on sales of rental equipment	(81)	(223)	(185)
Gain on sales of non-rental equipment	(17)	(17)	(18)
Deferred tax expense (benefit)	42	236	281
Operating lease expense	288	262	217
Stock based compensation expense	(9)	92	53
Provision for receivable allowances	28	84	47
Other	33	10	50
Changes in operating assets and liabilities, net of amounts acquired:			
Decrease (Increase) in accounts receivable	22	(184)	(172)
Decrease (Increase) in inventory	15	21	(5)
Increase in prepaid expenses and other assets	(74)	(89)	(103)
Increase (Decrease) in accounts payable	2	(24)	(34)
Decrease in operating lease liabilities	(268)	(243)	(200)
Increase in accrued expenses and other liabilities	59	120	83
Net cash provided by operating activities	\$ 3,844	\$ 3,664	\$ 3,346
Cash flows from investing activities			
Payments for acquisition of businesses, net of cash acquired	(134)	(846)	(1,061)
Payments for purchases of rental equipment	(2,251)	(3,759)	(3,020)
Payments for non-rental property and equipment	(441)	(659)	(500)
Proceeds from sales of rental equipment	462	832	574
Proceeds from disposal of non-rental property and equipment	61	48	41
Payments for purchases of intangibles	(15)	(29)	(10)
Other	-	(15)	(42)
Net cash used in investing activities	\$ (2,318)	\$ (4,428)	\$ (4,018)
Cash flows from financing activities			
Proceeds from debt	1,309	3,616	3,355
Payments of debt	(1,832)	(2,275)	(2,002)
Repayments of principal under finance lease liabilities	(18)	(12)	(8)
Payment of contingent consideration	(13)	(30)	(22)
Dividends paid	(544)	(436)	(358)
Common stock repurchased by the ESOT, including tax on stock based compensation	(86)	(30)	(13)
Common stock repurchased by the Company, including tax on stock based compensation	(342)	(78)	(264)
Net cash (used in) provided by financing activities	(1,526)	755	688
Effect of exchange rate changes on cash and cash equivalents	-	-	(1)
Net increase (decrease) in cash and cash equivalents	-	(9)	15
Cash and cash equivalents at the beginning of the year	21	30	15
Cash and cash equivalents at the end of the year	\$ 21	\$ 21	\$ 30
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 416	\$ 392	\$ 245
Cash paid for income taxes, net	\$ 425	\$ 246	\$ 287

See accompanying notes to the consolidated financial statements.

Ashtead Group plc
Notes to Consolidated Financial Statements

1. Organization and Description of Business

Ashtead Group plc (“the Company”) is an international equipment rental company, incorporated in England and Wales, with national networks in the United States (“U.S.”), Canada and the United Kingdom (“UK”), trading under the Sunbelt Rentals brand. As used in this report, the terms the “Company,” and “Ashtead,” refer to Ashtead Group plc and its subsidiaries, unless otherwise indicated.

The Company rents a broad range of construction, industrial, general and specialty equipment across a wide variety of applications to a diverse customer base.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The Company’s fiscal year ends on April 30. The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and its partially owned subsidiaries where the Company has controlling financial interest. All intercompany balances and transactions have been eliminated on consolidation.

Foreign Currency Translation and Transactions

The accompanying consolidated financial statements are presented in U.S. dollars. The functional currency of the Company’s subsidiaries is the currency of the primary economic environment in which they operate. Assets and liabilities of foreign subsidiaries that have a functional currency other than U.S. dollars are translated into U.S. dollars using exchange rates at the balance sheet date. Revenues and expenses are translated at average exchange rates effective during the year. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive loss within stockholders’ equity. Foreign currency gains and losses resulting from transactions are included in the income statement.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates include, but are not limited to, allowance for credit losses, depreciation and amortization, income taxes and reserves for claims. Actual results could materially differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk include cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with high quality financial institutions. Concentration of credit risk with respect to receivables is limited due to a large customer base of unrelated customers. The Company manages credit risk using credit reference agencies and the maintenance of credit control functions. During the years ended April 30, 2025, 2024 and 2023, no individual customer accounted for 10% or more of total revenues and no customer represented 10% or more of total accounts receivable.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash balances and highly liquid instruments with maturities of less than, or equal to, three months.

Allowance for Credit Losses

Accounts receivable is stated net of allowances. The allowances for credit losses reflect the Company’s estimate of the amount of receivables that it will be unable to collect based on historical write-off 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 the Company operates and the economic environment. Adjustments to the loss allowances are recognized in the income statement. Accounts receivables are written off when recoverability is

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Notes to Consolidated Financial Statements

assessed as being remote while subsequent recoveries of amounts previously written off are credited to the income statement.

Inventory

Inventory consists of equipment, fuel, merchandise and spare parts. Inventory is stated at the lower of cost or market. 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.

Rental Equipment

Rental equipment is recorded at cost and depreciated over the estimated useful life of the equipment using the straight-line method. 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 Company. Rebuild costs include the cost of transporting the equipment to and from the rebuild supplier.

The range of estimated useful lives for rental equipment is 3 to 25 years. Rental equipment is depreciated to a salvage value of 10 to 15 percent of cost in respect of most types of rental equipment, although the range of residual values used varies between zero and 35%. Costs incurred in the repair and maintenance of rental equipment are charged to the income statement as incurred.

At each reporting date, management assesses whether there are events or changes in circumstances that indicate that the rental equipment's carrying amount may not be recoverable. Management judgement is necessary in identifying impairment indicators, including the period over which assets have not been rented, the period any assets have been down for repair, the current market conditions and the level of return on investment generated from the assets.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of the Company's property and equipment are as follows:

Buildings	50 years
Motor vehicles	4 – 14 years
Office and workshop equipment	5 years

Costs incurred in the repair and maintenance of property and equipment are charged to the income statement as incurred and are included in "Selling, general and administrative expenses" and "Cost of rental equipment sales" in the consolidated statements of income.

Business Combinations

The Company has made multiple acquisitions during the periods presented and may continue to make acquisitions in the future. The assets acquired and liabilities assumed are recorded based on their respective fair values at the date of acquisition. The consideration transferred in a business combination is the fair value at the acquisition date of the assets transferred and the liabilities assumed by the Company and includes the fair value of any contingent consideration arrangement. The estimated range of undiscounted payment in respect of the contingent consideration is zero to \$23 million, zero to \$37 million and zero to \$48 million as of April 30, 2025, 2024 and 2023, respectively. Long-lived assets (principally rental equipment), goodwill and other intangible assets generally represent the largest components of the acquisition assets acquired. Rental equipment is valued utilizing either a cost or market approach, depending on the asset being valued and the availability of market data. Goodwill is calculated as the excess of the cost of the acquired business over the net of the fair value of the assets acquired and the liabilities assumed. The intangible assets that the Company has acquired are primarily non-compete agreements and customer relationships, which are valued based on an excess earnings or income approach based on projected cash flows and may be amortized over the useful life if they are determined to be finite-lived intangible assets.

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Determining the fair value of the assets and liabilities acquired can be judgmental in nature and can involve the use of significant estimates and assumptions. The estimates and assumptions used in valuing acquired assets include, but are not limited to, the amount and timing of projected future cash flows, discount rates used to determine the present value of these cash flows and the useful lives of the assets. Although the Company's fair value estimates are based upon assumptions believed to be reasonable, these estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the measurement period of one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of fair values of the purchase price of an acquisition, whichever comes first, any subsequent adjustments are recorded in earnings on the income statement.

As part of an acquisition, the Company will also acquire other assets and assume liabilities. These other assets and liabilities typically include, but are not limited to, inventory, accounts receivable, accounts payable and other working capital items. Due to their short-term nature, the fair values of these other assets and liabilities generally approximate the book values on the acquired entities' balance sheets. Acquisition-related expenses are recognized separately from the business combination and expensed as selling, general and administrative expenses in the income statement as incurred.

Evaluation of Goodwill Impairment

On an annual basis and at interim periods when events or circumstances indicate that an impairment loss may have been incurred, the Company tests the recoverability of its goodwill at the reporting unit level. The annual analysis is conducted in the fourth quarter of each fiscal year. A reporting unit is the same as, or one level below, an operating segment for which discrete financial information is available and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. The Company has three reporting units which are the same as its operating segments. The Company compares the carrying value of its reporting units to its fair value and if the carrying value of the reporting unit is greater than its fair value, the Company recognizes an impairment charge for the amount equal to that excess, limited to the total amount of goodwill allocated to the reporting unit.

The Company may first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. If a quantitative impairment test is performed, the fair value of the reporting unit is estimated using a combination of an income approach on the present value of estimated future cash flows and a market approach based on published earnings multiples of comparable entities with similar operations and economic characteristics as well as acquisition multiples paid in recent transactions. The Company's discounted cash flows are based upon reasonable and appropriate assumptions, which are weighted for their likely probability of occurrence, about the underlying business activities of the Company. There were no indicators of impairment during any of the periods presented.

Other Intangible Assets

Other intangible assets consist of brand names, customer lists and contract related intangible assets, and are amortized over their estimated useful lives using the straight-line method. The Company evaluates the estimated remaining useful life of its other intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization at each period end. The estimated useful lives of the other intangible assets are as follows:

Brand names	1 – 14 years
Customer lists	2 – 14 years
Contract related intangible assets	2 – 7 years
Internal use software	1 – 5 years

Impairment of Long-lived Assets Other than Goodwill

Long-lived assets are recorded at the lower of amortized cost or fair value. As part of an ongoing review of the valuation of long-lived assets, the Company assesses the carrying value of such assets if facts and circumstances suggest they may be impaired. If this review indicates the carrying value of such an asset may not be recoverable, as determined by an undiscounted cash flow analysis over the remaining useful life, the carrying value would be reduced to its estimated fair value.

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Leases – The Company as the Lessee

The Company determines if an agreement is a lease at inception. The Company's material lease contracts are generally for real estate or vehicles, and the determination of whether such contracts contain leases generally does not require significant estimates or judgements. The Company considers the contractual terms to determine the lease term used to record each lease agreement. The lease terms may include options, at the Company's sole discretion, to extend or terminate the lease that it is reasonably certain to exercise. The Company determines the lease term used to record each lease by including the initial lease term and, in the case where there are options to extend, will include the option to extend if it has determined that it is reasonably certain that the Company would exercise those options. Most real estate leases include one or more options to renew, with renewal periods typically of five years each.

Leases are classified as either finance or operating at inception of the lease and reassessed each time a lease is modified, with classification affecting the pattern of expense recognition in the income statement. Operating and finance leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. ROU assets represent the Company's right to use the leased asset for the lease term and lease liabilities represent the obligation to make lease payments. The ROU assets also include any lease payments made and less any lease incentives received.

As the implicit rate of most of our leases is not readily determinable, the liability is calculated as the present value of the remaining minimum lease payments using the Company's incremental borrowing rate at the commencement of the lease. The determination of the incremental borrowing rate takes into consideration the expected term of the lease, the currency in which the lease is denominated, and a financing spread adjustment based on the actual borrowing rate incurred by the Company. Operating lease cost is recorded on a straight-line basis over the remaining lease term. Finance lease cost includes amortization of the ROU assets on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset and interest on the lease liabilities using the effective interest method.

Leases with a lease term of 12 months or less are not recorded on the balance sheet. Lease expense for these leases is recognized on a straight-line basis over the lease term. The Company also leases certain equipment that it rents to its customers where the payments vary based upon the amount of time the equipment is on rent. The Company generates sublease revenue from such leases that it refers to as "re-rent revenue" as discussed under "Equipment rental revenue" in Note 2 to the consolidated financial statements. The initial term of these leases is 12 months or less and, therefore, no lease liability or ROU assets have been recorded. Apart from the re-rent revenue discussed in Note 2, the Company does not generate material sublease income.

Fair Value Measurement

Fair value measurements are categorized in one of the following three levels based on the lowest level input that is significant to the fair value measurement in its entirety:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets or liabilities include:

- a) quoted prices for similar assets or liabilities in active markets;
- b) quoted prices for identical or similar assets or liabilities in inactive markets;
- c) inputs other than quoted prices that are observable for the asset or liability;
- d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable (i.e., supported by little or no market activity) and significant to the fair value measure.

Revenue Recognition

The Company is principally engaged in the business of renting equipment. Ancillary to the Company's principal equipment rental business, the Company also sells used rental equipment, new equipment and merchandise and consumables and offers certain services to support its customers. The Company's rental transactions are accounted for under ASC Topic 842, *Leases*, ("Topic 842"), while the sale of rental and new equipment, merchandise and

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consumables along with certain services provided to customers are recognized under ASC Topic 606, *Revenue from Contracts with Customers*, ("Topic 606"). Sales and other tax amounts collected from customers and remitted to government authorities are accounted for on a net basis and, therefore, excluded from revenue.

Lease revenues (Topic 842)

Equipment rental revenue

The Company offers a broad portfolio of equipment for rent. Equipment rental revenue includes revenue generated from renting equipment to customers and is recognized on a straight-line basis over the length of the rental contract. These lease contracts are operating leases under Topic 842. As the rental contracts can extend across reporting periods, the Company records unbilled rental revenues and deferred revenues at the end of reporting periods to ensure rental revenues earned is appropriately stated for the periods presented. Receivables from unbilled rental revenue is included in "Prepaid expenses and other current assets" and was \$123 million, \$117 million and \$105 million as of April 30, 2025, 2024 and 2023, respectively. Deferred revenue is included in "Accrued expenses and other liabilities" in the consolidated balance sheet.

Also included in equipment rental revenue is re-rent revenue in which the Company will rent specific pieces of equipment from vendors and then re-rent that equipment to its customers. Provisions for discounts, rebates to customers and other adjustments are provided for in the period the related revenue is recorded.

Other

Other equipment rental revenue is primarily comprised of fees for the Company's loss damage waiver and environmental charges. Fees paid for the loss damage waiver allow customers to limit the risk of financial loss in the event the Company's equipment is damaged or lost. Fees for the loss damage waiver and environmental recovery fees are recognized on a straight-line basis over the length of the rental contract.

Revenues from contracts with customers (Topic 606)

Delivery and pick-up is rental delivery and collection revenue which is recognized when the services are performed at the time of delivery or collection, respectively, and the performance obligation is therefore fulfilled.

Sales of rental equipment, new equipment, merchandise and consumables are recognized when control of the asset transfers to the customer, which is typically when the asset is picked up by, or delivered to, the customer and when significant risks and rewards of ownership have passed to the customer. The Company routinely sells its used rental equipment in order to manage repair and maintenance costs, as well as the composition, age and size of its fleet. The Company disposes of used equipment through a variety of channels including retail sales to customers and other third parties, sales to wholesalers, brokered sales and auctions. Sales of rental equipment in connection with trade-in arrangements with certain manufacturers from whom the Company 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.

The Company also sells new equipment, parts and supplies. The types of new equipment that the Company sells vary by location and include a variety of tools and supplies, small equipment, safety supplies and consumables. Also included in sales of new equipment, merchandise and consumables are other revenues earned from equipment management and similar services for rental customers. The Company recognizes the other revenue as the services are provided.

Contract assets and liabilities

The Company does not have material contract assets or contract liabilities associated with customer contracts. The Company's contracts with customers do not generally result in material amounts billed to customers in excess of recognizable revenue. The Company did not recognize material revenue during the years ended April 30, 2025, 2024 or 2023 that was included in the contract liability balance as of the beginning of each period.

Performance obligations

Most of the Company's revenue recognized under Topic 606 is recognized at a point-in-time, rather than over time. Accordingly, in any particular period, the Company does not recognize a significant amount of revenue from performance obligations satisfied in previous periods, and the amounts of such revenue recognized during the

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years ended April 30, 2025, 2024 and 2023 were not material. The Company also does not expect to recognize material revenue in the future related to performance obligations that were unsatisfied as of April 30, 2025.

Payment terms

The Topic 606 revenues do not include material amounts of variable consideration. The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the Company's markets. The contractual terms on invoices issued to customers vary between North America and the UK, in that invoices issued in the UK are payable within 30-60 days whereas invoices issued in North America are payable within 30 days. The contracts do not include a significant financing component.

Contract estimates and judgments

The revenues accounted for under Topic 606 do not require significant estimates or judgments, primarily for the following reasons:

- The transaction price is generally fixed and stated on the Company's contracts;
- As noted above, the Company's contracts generally do not include multiple performance obligations, and accordingly do not generally require estimates of the standalone selling price for each performance obligation;
- The revenues do not include material amounts of variable consideration; and
- Most of the Company's revenue is recognized as of a point-in-time and the timing of the satisfaction of the applicable performance obligations is readily determinable. As noted above, the Topic 606 revenue is generally recognized at the time of delivery to, or pick-up by, the customer.

The revenues accounted for under Topic 842 also do not require significant estimate or judgements.

Insurance

The Company is exposed to various claims, including those for which the Company provides self-insurance. Claims for which the Company self-insures include: (i) workers compensation claims; (ii) general liability claims by third parties for injury or property damage caused by our equipment or personnel; and (iii) automobile liability claims. These types of claims may take a substantial amount of time to resolve and, accordingly, the ultimate liability associated with a particular claim, including claims incurred but not reported as of a period-end reporting date, may not be known for an extended period of time. The Company's methodology for developing self-insurance reserves is based on management estimates and independent third-party actuarial estimates. The estimation process considers, among other matters, the cost of known claims over time, cost inflation and incurred but not reported claims. These estimates may change based on, among other things, changes in the Company's claim history or receipt of additional information relevant to assessing the claims and the amount of the recorded liability is adjusted to reflect these changes.

The related liability is recorded on a discounted basis, using the yield rate of 3-year and 5-year Treasury Rate, on a gross basis with a corresponding insurance receivable recognized when it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably. The short-term and long-term portion of the self-insurance liabilities are included in "Accrued expenses and other liabilities" and "Other long-term liabilities" in the consolidated balance sheet, respectively. The short-term and long-term portion of the insurance receivables are included in "Prepaid expenses and other assets" and "Other long-term assets" in the consolidated balance sheet, respectively.

Retirement Benefits Plans

Defined Contribution Pension Plans

The Company sponsors three defined contribution pension plans, which consist of UK stakeholder scheme, U.S. 401(K) retirement plan, and U.S. 409A non-qualified deferred compensation plan. Obligations under the Company's defined contribution plans are recognized as an expense in the consolidated income statement as incurred.

Defined Benefit Pension Plans

The Company has a UK 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 Company. During the year ended April 30, 2024, the corporate trustee was appointed as sole

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trustee to the plan. 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 Company's employee pension costs and obligations under the defined benefit plans are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates, inflation rates, rates of increase in pensions in payment, mortality rates and other factors. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by actuaries. However, actual results may differ substantially from the estimates that were based on the assumptions. The Company uses an April 30 measurement date for the plan. While management believes that the assumptions used are appropriate, significant differences in actual experience or significant changes in assumptions would affect the Company's defined benefit pension costs and obligations.

In March 2024, the Trustees completed a buy-in transaction in relation to the Company's defined benefit pension with the purchase of a bulk annuity policy covering the whole of the plan membership. As such, the Company now holds an insurance policy that is designed to provide cash flows that exactly match the value and timing of the benefits payable to the members it covers. Consequently, the Company is no longer exposed to investment, interest rate, inflation or life expectancy risk, or future funding requirements.

The Company reflects the funded status of defined benefit pension and other postretirement benefit plans as an asset or liability. This amount is defined as the difference between the fair value of plan assets and the benefit obligation. The Company recognizes the actuarial gains/losses as an expense in the consolidated income statement.

Stock-Based Compensation

The Company operates a Long-Term Incentive Plan ("LTIP"), a share incentive scheme designed to reward and incentivize the most senior members of the Company. Performance stock units ("PSUs"), Sunbelt 3.0 (or "strategic plan awards"), and restricted stock units ("RSUs") are granted for the Company's common stock. Prior to the fiscal year ending April 30 2023, the awards were issued under the Performance Share Plan ("PSP") which operates in a similar manner to the LTIP.

The Company measures the cost of employee services received in exchange for an award based on the grant date fair value of the award, using a Monte Carlo simulation for the awards with a market condition on Total Shareholder Return ("TSR") or based on the market share price. Monte Carlo simulations incorporate subjective assumptions, including expected volatility based on the historical volatilities of the Company and a representative peer group of publicly traded entities. The Company accounts for all its stock-based compensation awards with or without a post-vesting holding period as equity-classified or liability-classified awards, respectively. Cost of equity-classified awards are recognized using the straight-line method over the vesting period. Cost of liability-classified awards are recognized through the consolidated income statement on the grant date and remeasured at the end of each reporting period through the date of settlement. Changes in the fair value of the liability-classified compensation awards are recorded in the consolidated income statement over the vesting period of the award. Awards are forfeited if an employee leaves the Company before vesting, unless "good leaver" status is granted. The Company recognizes forfeitures of stock-based compensation as they occur.

PSP

PSP awards were granted annually with vesting dependent on the achievement of certain market and performance conditions as well as service conditions including the employee remaining with the Company until the end of the performance period, typically three years. The market and performance conditions applicable to the awards relate to the adjusted EPS (25%), Return on Investment ("ROI") (25%), Leverage (10%) and relative TSR (40%), which are calculated as defined in the award agreement. PSP awards were zero cost awards. PSP awards were last granted in July 2021, and no new awards will be granted under the PSP.

PSU

PSU awards are granted annually with vesting dependent on the achievement of certain market and performance conditions as well as service conditions including the employee remaining with the Company until the end of the performance period, typically three years. Some PSU awards were granted with an additional two-year post-vesting holding period. PSU awards are zero cost awards. The market and performance conditions applicable to the awards relate to the achievement which are calculated as defined in the award agreement:

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Market and performance conditions applicable to the awards	PSU awards issued during the year ended April 30,		
	2025	2024	2023
Adjusted EPS	30%	25%	25%
RoI	30%	25%	25%
Leverage	N/A	10%	10%
Sustainability	10%	N/A	N/A
Relative TSR	30%	40%	40%

Sunbelt 3.0 (or ‘Strategic Plan Award’)

Strategic Plan Awards were granted between April 2021 to December 2022 as a one-off award to coincide with the Sunbelt 3.0 strategic plan and have a vesting period of up to three years. Some Strategic Plan Awards were granted with an additional two-year post-vesting holding period. Strategic Plan Awards are zero cost awards. The performance conditions applicable to this plan are financial performance (50%), operational performance (15%), customer (15%) and environment, social and governance (“ESG”) (20%), with the performance period being three years, in line with the strategic plan. The service conditions includes the employee remaining with the Company until the end of the performance period, unless “good leaver” status is granted.

RSU

RSUs were granted in June 2024 with vesting periods ranging from one to four years, over which they vest in equal tranches. Some awards were granted with an additional one-year post-vesting holding period. Some RSUs were subject to performance conditions of RoI, dividend policy, balance sheet health, sustainability and corporate governance.

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 common stock held by the ESOT in the consolidated balance sheet. When the shares vest to satisfy share-based payments, a transfer is made from common stock held by the ESOT to retained earnings. The ESOT has waived the right to receive dividends on the shares it holds. The costs of operating the ESOT are borne by the Company but are not significant.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based upon the estimated future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis, as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense (benefit) in the period the tax rates are enacted.

The Company’s deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized. The Company evaluates the realizability of deferred tax assets for each of the jurisdictions in which they operate by assessing all positive and negative evidence. This includes historical operating results, known or planned operating developments, the period of time over which certain temporary differences will reverse, consideration of the reversal of certain deferred tax liabilities, tax law carryback capability in the particular country, and prudent and feasible tax planning strategies. After evaluation of these factors, if the deferred tax assets are expected to be realized within the tax carryforward period allowed for that specific country, the Company would conclude that no valuation allowance would be required. To the extent that the deferred tax assets exceed the amount that is expected to be realized within the tax carryforward period for a particular jurisdiction, the Company establishes a valuation allowance.

The Company has historically considered the undistributed earnings of foreign subsidiaries to be indefinitely reinvested, and accordingly, no taxes have been provided on such earnings. The Company regularly reviews its cash position and determination of indefinite reinvestment of foreign earnings. If it is determined that all or a

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portion of such foreign earnings would be repatriated, we may be subject to additional foreign withholding taxes and U.S. state income taxes.

The Company recognizes benefits from tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the combined financial statements from such positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. Judgment is required in evaluating tax positions and determining unrecognized tax benefits. The Company re-evaluates the technical merits of its tax positions and may recognize the benefit of a tax position in certain circumstances, including when: (1) a tax examination is completed; (2) applicable tax laws change, including through a tax case ruling or legislative guidance; or (3) the applicable statute of limitations expires. The Company recognizes interest and penalties associated with income taxes in income tax expense (benefit) in the statement of operations.

Earnings Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares plus the effect of dilutive potential common shares outstanding during the period determined using the treasury stock method.

New Accounting Pronouncements Issued but not yet adopted

Expense Disaggregation Disclosure. In November 2024, the FASB issued Accounting Standards Update No. 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)" ("ASU 2024-03"), which improves the disclosures about a public business entity's expenses and addresses requests from investors for more detailed information about the types of expenses in commonly presented expense captions such as cost of sales, SG&A, and research and development. This ASU is effective for fiscal years beginning after December 15, 2026 and early adoption is permitted. The amendments in this ASU can be applied prospectively or retrospectively. The Company is evaluating the effect of adopting this new accounting guidance.

Recently Adopted Accounting Guidance

Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company has adopted this guidance and is reflected in its consolidated financial statements and related disclosures.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company has chosen to early adopt this guidance and is reflected in its consolidated financial statements and related disclosures.

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3. Revenue Recognition

Nature of goods and services

In the following table, revenue is summarized by type and by the applicable accounting standard.

(in millions)	2025			2024			2023		
	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total
Revenues:									
Equipment rentals	\$ 8,049	\$ -	\$ 8,049	\$ 7,727	\$ -	\$ 7,727	\$ 6,952	\$ -	\$ 6,952
Other rental revenue:									
Delivery and pick-up	-	862	862	-	802	802	-	727	727
Other	338	731	1,069	334	767	1,101	312	707	1,019
Total equipment rentals	8,387	1,593	9,980	8,061	1,569	9,630	7,264	1,434	8,698
Sales of rental equipment	-	467	467	-	859	859	-	627	627
Sales of new equipment, merchandise and consumables	-	344	344	-	370	370	-	342	342
Total revenues	\$ 8,387	\$ 2,404	\$ 10,791	\$ 8,061	\$ 2,798	\$ 10,859	\$ 7,264	\$ 2,403	\$ 9,667

Allowance for Credit Losses

The roll forward of the allowance for credit losses is shown below.

(in millions)	Year Ended April 30,		
	2025	2024	2023
Beginning balance	\$ 141	\$ 107	\$ 85
Amounts written off or recovered	(67)	(50)	(25)
Increase in allowance recognized	28	84	47
Ending balance	\$ 102	\$ 141	\$ 107

4. Acquisitions

The Company undertakes bolt-on acquisitions to complement its organic growth strategy.

2025 acquisitions

During the year, the Company completed several acquisitions that were individually immaterial. The aggregate consideration for the acquisitions was \$141 million. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed. The purchase price allocations for these assets and liabilities are based on preliminary valuations and are subject to change as we obtain additional information during the acquisition measurement period, although we do not expect material future changes.

(in millions)	Total
Accounts receivables	\$ 7
Rental equipment	56
Property and equipment	3
Operating lease right-of-use assets	29
Intangible assets	25
Total identifiable assets acquired	120
Accounts payable, accrued expenses and other liabilities	(3)
Operating lease liabilities	(29)
Total liabilities assumed	(32)
Net identifiable assets acquired	88
Goodwill	53
Net assets acquired	\$ 141

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The above table is inclusive of measurement period adjustments for acquisitions made during the year ended April 30, 2024 which resulted in no change to net assets acquired and a \$5 million increase in goodwill.

The following table reflects the fair values and useful lives of the acquired intangible assets identified based on the purchase accounting assessments:

(in millions)	Fair value	Life (years)
Customer lists	\$ 25	15

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses, the benefits through advancing the clusters and leveraging cross-selling opportunities, and to the synergies and other benefits the Company expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilization of the acquired rental fleet, using the Company's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Company's proprietary software to optimize revenue opportunities. \$46 million of the goodwill is expected to be deductible for income tax purposes.

Due to the operational integration of acquired businesses 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 net income of these acquisitions from May 1, 2023 to their date of acquisition was not material.

2024 acquisitions

During the year, the Company completed several acquisitions that were individually immaterial. The aggregate consideration for the acquisitions was \$865 million. The following table summarizes the fair values of the assets acquired and liabilities assumed.

(in millions)	Total
Accounts receivables	\$ 44
Inventory	2
Rental equipment	441
Property and equipment	26
Operating lease right-of-use assets	113
Intangible assets	86
Total identifiable assets acquired	712
Accounts payable, accrued expenses and other liabilities	(32)
Operating lease liabilities	(113)
Debt	(55)
Total liabilities assumed	(200)
Net identifiable assets acquired	512
Goodwill	353
Net assets acquired	\$ 865

The above table is inclusive of measurement period adjustments for acquisitions made during the year ended April 30, 2023 which resulted in no change to net assets acquired and a \$30 million decrease in goodwill.

The following table reflects the fair values and useful lives of the acquired intangible assets identified based on the purchase accounting assessments:

(in millions)	Fair value	Life (years)
Customer lists	\$ 77	9
Contract related	9	6
Total	\$ 86	

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The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses, the benefits through advancing the clusters and leveraging cross-selling opportunities, and to the synergies and other benefits the Company expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilization of the acquired rental fleet, using the Company's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Company's proprietary software to optimize revenue opportunities. \$232 million of the goodwill is expected to be deductible for income tax purposes.

Due to the operational integration of acquired businesses 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 net income of these acquisitions from May 1, 2022 to their date of acquisition was not material.

2023 acquisitions

During the year, the Company completed several acquisitions that were individually immaterial. The aggregate consideration for the acquisitions was \$1,103 million. The following table summarizes the fair values of the assets acquired and liabilities assumed.

(in millions)	Total
Accounts receivables	\$ 54
Inventory	9
Rental equipment	411
Property and equipment	45
Operating lease right-of-use assets	147
Intangible assets	170
Total identifiable assets acquired	836
Accounts payable, accrued expenses and other liabilities	(84)
Operating lease liabilities	(145)
Debt	(78)
Total liabilities assumed	(307)
Net identifiable assets acquired	529
Goodwill	574
Net assets acquired	\$ 1,103

The above table is inclusive of measurement period adjustments for acquisitions made during the year ended April 30, 2022 which resulted in no change to net assets acquired and a \$3 million increase in goodwill.

The following table reflects the fair values and useful lives of the acquired intangible assets identified based on the purchase accounting assessments:

(in millions)	Fair value	Life (years)
Customer lists	\$ 166	8
Contract related	4	3
Total	\$ 170	

The goodwill arising can be attributed to the key management personnel and workforce of the acquired businesses, the benefits through advancing the clusters and leveraging cross-selling opportunities, and to the synergies and other benefits the Company expects to derive from the acquisitions. The synergies and other benefits include elimination of duplicate costs, improving utilization of the acquired rental fleet, using the Company's financial strength to invest in the acquired business and drive improved returns through a semi-fixed cost base and the application of the Company's proprietary software to optimize revenue opportunities. \$310 million of the goodwill is expected to be deductible for income tax purposes.

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Due to the operational integration of acquired businesses 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 net income of these acquisitions from May 1, 2022 to their date of acquisition was not material.

5. Segment Information

The Company operates with the following three reportable and operating segments: North America – General Tool, North America – Specialty and UK, which are consistent with how the Company’s chief operating decision maker (CODM) assesses performance and allocates resources. The operating segments are determined primarily based on the nature of the products and services and the management structure of the Company. The Company’s CODM has been identified as its chief executive officer.

North America – General Tool

The North America – General Tool segment includes the rental of general construction and industrial equipment such as mobile elevating platforms, forklifts, earth moving equipment and general tool and light equipment. The segment operates predominantly across the U.S. and Canada.

North America – Specialty

The North America – Specialty segment focus on products with comparatively low rental penetration including Power & HVAC, Scaffold, Pump, Film & TV and Climate Control. The Specialty products and services are often a natural add-on to the General Tool products and services. The segment operates across the U.S. and Canada.

UK

The UK segment operates predominantly in the UK and rents a broad range of construction, industrial, general and specialty equipment.

The Company manages debt, its lease portfolio and taxation centrally, rather than by operating segments. Accordingly, segmental costs are stated excluding the impact of ASC 842 lease accounting in relation to the Company’s property leases. Furthermore, segment results are stated before interest and taxation which are reported as central Company items. This is consistent with the way the chief executive reviews the business.

Segment performance and resource allocation are evaluated by the CODM using adjusted segment operating profit. The CODM is the primary individual in control of resource allocation. The most significant allocation determinations made by the CODM using the adjusted segment operating profit relates to purchases of rental equipment, and these determinations are generally made as part of the annual budgeting process, with regular financial and operational performance reviews occurring throughout the year that can result in allocation changes (for example, if a specific segment outperforms its plan, that could result in a reallocation of resources between segments or an increase in the total allocated resources).

There are no material sales between the reportable segments. Capital expenditure represents additions to rental equipment, property and equipment, and includes additions through the acquisition of businesses. Segment assets exclude corporate assets, such as cash and cash equivalents, corporate facilities, goodwill, and other intangible assets, and tax assets.

The following table sets forth financial information by segment for the years ended April 30, 2025, 2024 and 2023:

(in millions)	North America			UK	Total
	General Tool	Specialty			
Year ended April 30, 2025					
Equipment rentals	\$ 5,889	\$ 3,313	\$ 778	\$ 9,980	
Sales of rental equipment	338	79	50	467	
Sales of new equipment, merchandise and consumables	170	95	79	344	
Total revenues	6,397	3,487	907	10,791	
Cost of rental equipment sales	(280)	(73)	(33)	(386)	
Staff costs ⁽¹⁾	(1,224)	(677)	(258)	(2,159)	
Depreciation	(1,384)	(539)	(171)	(2,094)	
Other segment items ⁽²⁾	(1,416)	(1,060)	(372)	(2,848)	

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Adjusted Segment Operating profit	2,093	1,138	73	3,304
Reconciliation of Adjusted Segment Operating Profit to income before provision for income taxes:				
Central costs ⁽³⁾				(695)
Interest expense, net				(425)
Amortization of acquired intangibles				(114)
Income before provision for income taxes				2,070
Capital expenditures	1,736	537	187	2,460
Segment assets	10,083	3,623	1,198	14,904
Corporate				7,066
Total assets				21,970
Year ended April 30, 2024				
Equipment rentals	5,826	3,062	742	9,630
Sales of rental equipment	721	73	65	859
Sales of new equipment, merchandise and consumables	174	115	81	370
Total revenues	6,721	3,250	888	10,859
Cost of rental equipment sales	(530)	(66)	(40)	(636)
Staff costs ⁽¹⁾	(1,199)	(696)	(267)	(2,162)
Depreciation	(1,259)	(470)	(164)	(1,893)
Other segment items ⁽²⁾	(1,339)	(1,054)	(364)	(2,757)
Adjusted Segment Operating Profit	2,394	964	53	3,411
Reconciliation of Adjusted Segment Operating Profit to income before provision for income taxes:				
Central costs ⁽³⁾				(768)
Interest (income) expense, net				(428)
Amortization of acquired intangibles				(121)
Income before provision for income taxes				2,094
Capital expenditures	3,219	1,180	266	4,665
Segment assets	10,017	3,747	1,163	14,927
Corporate				6,957
Total assets				21,884
Year ended April 30, 2023				
Equipment rentals	5,292	2,734	672	8,698
Sales of rental equipment	512	53	62	627
Sales of new equipment, merchandise and consumables	152	101	89	342
Total revenues	5,956	2,888	823	9,667
Cost of rental equipment sales	(360)	(44)	(38)	(442)
Staff costs ⁽¹⁾	(1,081)	(597)	(217)	(1,895)
Depreciation	(1,070)	(365)	(142)	(1,577)

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Other segment items ⁽²⁾	(1,231)	(954)	(348)	(2,533)
Adjusted Segment Operating Profit	2,214	928	78	3,220
Reconciliation of Adjusted Segment Operating Profit to income before provision for income taxes:				
Central costs ⁽³⁾				(675)
Interest (income) expense, net				(275)
Amortization of acquired intangibles				(118)
Income before provision for income taxes				2,152
Capital expenditures	2,869	1,019	261	4,149
Segment assets	8,580	3,007	1,090	12,677
Corporate				6,170
Total assets				18,847

⁽¹⁾ Staff costs comprise of salaries and related benefits and pension costs.

⁽²⁾ Other segment items comprise of spares, vehicle, facility and other miscellaneous costs.

⁽³⁾ Central costs comprise of corporate costs incurred to run the business as a whole including costs associated with the Company's support functions, technology expenditure and the accounting adjustment to reflect ASC 842 lease accounting in relation to the Company's property leases.

The Company's operations are located in the United States, Canada and the United Kingdom. Revenue by geographic region is allocated to individual countries based on the location of stores. The following table presents geographic area information for the years ended April 30, 2025, 2024 and 2023:

(in millions)	United States	Canada	United Kingdom	Total
2025				
Equipment rentals	8,587	615	778	9,980
Sales of rental equipment	384	33	50	467
Sales of new equipment, merchandise and consumables	233	32	79	344
Total revenue	9,204	680	907	10,791
Rental equipment, net	9,759	765	816	11,340
Property and equipment, net	1,688	169	181	2,038
2024				
Equipment rentals	8,321	567	742	9,630
Sales of rental equipment	742	52	65	859
Sales of new equipment, merchandise and consumables	244	45	81	370
Total revenue	9,307	664	888	10,859
Rental equipment, net	9,921	755	789	11,465
Property and equipment, net	1,591	159	161	1,911
2023				
Equipment rentals	7,502	524	672	8,698
Sales of rental equipment	533	32	62	627
Sales of new equipment, merchandise and consumables	187	66	89	342

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	<u>8,222</u>	<u>622</u>	<u>823</u>	<u>9,667</u>
Total revenue				
Rental equipment, net	8,323	588	738	9,649
Property and equipment, net	1,265	111	133	1,509

6. Inventory

Inventory consists of the following:

(in millions)	As of April 30,		
	2025	2024	2023
Raw materials, consumables and spares	\$ 75	\$ 87	\$ 102
Goods for resale	72	75	79
Inventory	<u>\$ 147</u>	<u>\$ 162</u>	<u>181</u>

7. Rental Equipment, net

Rental equipment consists of the following:

(in millions)	As of April 30,		
	2025	2024	2023
Rental equipment	\$ 18,567	\$ 17,759	\$ 15,826
Less: accumulated depreciation	(7,227)	(6,294)	(6,177)
Rental equipment, net	<u>\$ 11,340</u>	<u>\$ 11,465</u>	<u>9,649</u>

Amounts due but unpaid for purchases of rental equipment was \$225 million, \$512 million and \$606 million as of April 30, 2025, 2024 and 2023, respectively. These balances are included in "Accounts payable" and "Accrued expenses and other liabilities" in the consolidated balance sheet. Amounts receivable but unpaid for sales of rental equipment was \$99 million, \$111 million and \$110 million as of April 30, 2025, 2024 and 2023, respectively.

8. Property and Equipment, net

Property, plant and equipment, net consists of the following:

(in millions)	As of April 30,		
	2025	2024	2023
Land and buildings	\$ 1,252	\$ 1,120	\$ 863
Motor vehicles	1,541	1,451	1,254
Office and workshop equipment	548	494	405
Property and equipment	<u>3,341</u>	<u>3,065</u>	<u>2,522</u>
Less: accumulated depreciation	(1,303)	(1,154)	(1,013)
Property and equipment, net	<u>\$ 2,038</u>	<u>\$ 1,911</u>	<u>\$ 1,509</u>

Depreciation expense was \$301 million, \$258 million and \$201 million for the years ended April 30, 2025, 2024 and 2023, respectively, and is included in "Non-rental depreciation and amortization" in the Company's consolidated statements of income.

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9. Goodwill and Other Intangible Assets

The following table presents the changes in the carrying amount of goodwill for each of the three years in the period ended April 30, 2025:

(in millions)	North America		United Kingdom	Total
	General Tool	Specialty		
Balance as of May 1, 2022	\$ 1,476	\$ 751	\$ 143	\$ 2,370
Goodwill related to acquisitions	298	172	104	574
Foreign currency translation	(9)	(6)	6	(9)
Balance as of May 1, 2023	1,765	917	253	2,935
Goodwill related to acquisitions	219	131	3	353
Foreign currency translation	(3)	(4)	(1)	(8)
Balance as of April 30, 2024	1,981	1,044	255	3,280
Goodwill related to acquisitions	46	1	6	53
Foreign currency translation	(2)	(1)	18	15
Balance as of April 30, 2025	\$ 2,025	\$ 1,044	\$ 279	\$ 3,348

Other intangible assets were comprised of the following:

(in millions)	As of April 30, 2025			
	Weighted- Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer lists	6	\$ 1,161	\$ (772)	\$ 389
Contract related	4	124	(115)	9
Internal use software	2	104	(69)	35
Brand names	-	30	(30)	-
Total		\$ 1,419	\$ (986)	\$ 433

(in millions)	As of April 30, 2024			
	Weighted- Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer lists	6	\$ 1,130	\$ (656)	\$ 474
Contract related	4	122	(110)	12
Internal use software	3	125	(85)	40
Brand names	-	29	(29)	-
Total		\$ 1,406	\$ (880)	\$ 526

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As of April 30, 2023				
(in millions)	Weighted- Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer lists	6	\$ 1,058	\$ (543)	\$ 515
Contract related	3	113	(105)	8
Internal use software	3	97	(70)	27
Brand names	-	29	(29)	-
Total		\$ 1,297	\$ (747)	\$ 550

Amortization expense on other intangible assets was \$135 million, \$136 million and \$133 million for the years ended April 30, 2025, 2024 and 2023, respectively.

As of April 30, 2025, estimated amortization expense for other intangible assets for each of the next five years and thereafter was as follows:

Year-ending April 30	Total (in millions)
2026	\$ 129
2027	103
2028	58
2029	40
2030	32
Thereafter	71
Total	\$ 433

10. Insurance Provisions

As of April 30, 2025, estimated payments for insurance provisions for each of the next five years and thereafter was as follows:

Expected payments for insurance provisions (in millions)	
For the year ending 30 April,	
2026	\$ 59
2027	41
2028	28
2029	18
2030	10
Thereafter	23
Total	179
Less amount representing interest	(20)
Insurance provisions	\$ 159

11. Fair Value Measurements

The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair values of the first priority senior secured credit facility and finance leases approximated their book values as of April 30, 2025, 2024 and 2023. The estimated fair values of the other financial instruments were as follows:

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(in millions)		As of April 30, 2025		As of April 30, 2024		As of April 30, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying amount	Fair Value
Senior notes	Level 1	\$ 6,154	\$ 6,018	\$ 6,147	\$ 5,783	\$ 4,557	\$ 4,257
Contingent consideration	Level 3	18	18	31	31	47	47
Equity investments	Level 3	32	32	57	57	41	41

The senior notes are carried at amortized cost and the contingent consideration and equity investments are carried at fair value in the consolidated balance sheets.

Contingent consideration relates to recent acquisitions and is based on the post-acquisition performance of the acquired businesses. The consideration is expected to be paid out over the next five years and is reassessed at each reporting date.

Contingent consideration is a Level 3 financial liability. Future anticipated payments 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 Company's cost of debt. Details of the movement in the fair value during the year are as follows:

(in millions)	As of April 30,		
	2025	2024	2023
Beginning Balance	\$ 31	\$ 47	\$ 33
Acquired businesses	4	16	36
Foreign exchange movement	-	(2)	2
Settled	(13)	(30)	(22)
Released	(5)	(1)	(3)
Amortization of discount	1	1	1
Ending Balance	\$ 18	\$ 31	\$ 47

Equity investments are measured at fair value and are Level 3 financial assets. These assets are measured at fair value through net income. Their fair values are estimated based on the latest transaction price and any subsequent investment-specific adjustments. Details of the movement in the fair value during the year are as follows:

(in millions)	As of April 30,		
	2025	2024	2023
Beginning Balance	\$ 57	\$ 41	\$ 40
Additions	-	15	42
Interest	-	1	1
Loss for the year	(25)	-	(42)
Ending Balance	\$ 32	\$ 57	\$ 41

Equity investments are included in "Other long-term assets" in the consolidated balance sheet.

12. Debt

Debt, net of unamortized original issue premiums and unamortized debt issuance costs, consists of the following:

(in millions)	As of April 30,		
	2025	2024	2023
First priority senior secured bank debt	\$ 1,346	\$ 1,848	\$ 2,038
1.500% senior notes, due August 2026	549	548	547
4.375% senior notes, due August 2027	598	597	596
4.000% senior notes, due May 2028	597	596	595
4.250% senior notes, due November 2029	596	595	594
2.450% senior notes, due August 2031	745	745	744

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5.500% senior notes, due August 2032	740	739	738
5.550% senior notes, due May 2033	744	743	743
5.950% senior notes, due October 2033	744	744	-
5.800% senior notes, due April 2034	841	840	-
Total long-term debt	\$ 7,500	\$ 7,995	\$ 6,595

First priority senior secured credit facility

As of April 30, 2025, \$4,750 million was committed by the senior lenders under the asset-based senior secured revolving credit facility ('ABL facility') until November 2029. The amount utilized was \$1,351 million (including letters of credit totaling \$5 million). The ABL facility is secured by a first priority interest in substantially all of the Company's assets. Pricing for the \$4,750 million revolving credit facility is based on average availability according to a grid, varying from the applicable interest rate plus 125bp to 137.5bp. The applicable interest rate is based on Secured Overnight Financing Rate ("SOFR") for U.S. dollar loans, Canadian Dollar Offered Rate ("CDOR") for Canadian dollar loans and Sterling Overnight Interbank Average ("SONIA") for sterling loans. The borrowing rate was the applicable interest rate plus 125 basis points and the weighted average interest rate was 5.242%, 6.853% and 6.414% as of April 30, 2025, 2024 and 2023, respectively.

The only financial performance covenant under the asset-based first priority senior bank facility is a fixed charge ratio (comprising last 12-month ("LTM") Earnings before interest, taxes, depreciation, and amortization ("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 utilization) exceeds \$475 million. Availability under the bank facility for covenant purposes was \$3,616 million, \$2,771 million and \$2,573 million as of April 30, 2025, 2024 and 2023, respectively, meaning that the covenant was not measured for the periods presented and is unlikely to be measured in forthcoming quarters.

Senior notes

The senior notes are guaranteed by Ashtead Group plc and all material direct and indirect subsidiaries ("the guarantors"). The senior notes and the related guarantees rank senior in right of payment with all of the guarantors' existing and future debt that is subordinated in right of payment to the senior notes and the guarantees and rank equally in right of payment with all of the guarantors' existing and future debt that is not subordinated in right of payment to the senior notes and the guarantees. The senior notes are effectively subordinated to all of the guarantors' existing and future secured debt, including the First Priority Senior Secured Credit Facility, to the extent of the value of the collateral securing such debt, and structurally subordinated to all of the liabilities of the subsidiaries that do not guarantee the senior notes. The indentures governing the senior notes contains certain covenants including limitations the creation of liens to secure debt, the entrance into sales and lease back transactions, and the sale of all or substantially all of its properties and assets or the merger and consolidation with or into another company. The covenants are subject to important exceptions and qualifications. Upon the occurrence of certain events constituting a change of control or change of control triggering event, as defined in the applicable indenture, the Company is required to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the repurchase date. The embedded prepayment options included within the senior notes are either closely related to the host debt contract or immaterial, and are not accounted for separately.

As of April 30, 2025 the Company, through its wholly owned subsidiary Ashtead Capital, Inc., had nine series of senior notes outstanding as follows.

\$550 million 1.500% senior notes due 2026. On August 12, 2021, the Company issued \$550 million principal amount of 1.500% Senior Notes which are due August 12, 2026. Interest on the notes is payable on February 12 and August 12 of each year, beginning on February 12, 2022. The Company may redeem the notes, in whole or in part, at any time prior to July 12, 2026 (one month prior to the maturity date), at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus the applicable make-whole premium, plus accrued and unpaid interest, if any, to but excluding the date of redemption. In addition, at any time after July 12, 2026, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption on the principal amount of the notes to be redeemed.

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\$600 million 4.375% senior notes due 2027. On August 9, 2017, the Company issued \$600 million principal amount of 4.375% Senior Notes which are due August 15, 2027. Interest on the notes is payable on February 15 and August 15 of each year, beginning on February 15, 2018. The Company may redeem the notes, in whole or in part, at any time prior to August 15, 2022 by paying the applicable make-whole premium plus accrued and unpaid interest, if any, to the date of redemption. On or after August 15, 2022, the Company may redeem the notes at the applicable redemption prices plus accrued and unpaid interest, if any, to the date of redemption. In addition, prior to August 15, 2020, the Company may redeem up to 40% of the notes from the proceeds of certain equity offerings.

\$600 million 4.000% senior notes due 2028. On November 4, 2019, the Company issued \$600 million principal amount of 4.000% Senior Notes which are due May 1, 2028. Interest on the notes is payable on May 1 and November 1 of each year, beginning on May 1, 2020. The Company may redeem the notes, in whole or in part, at any time prior to May 1, 2023 by paying the applicable make-whole premium plus accrued and unpaid interest, if any, to the date of redemption. On or after May 1, 2023, the Company may redeem the notes at the applicable redemption prices plus accrued and unpaid interest, if any, to the date of redemption. In addition, prior to May 1, 2022, the Company may redeem up to 40% of the notes from the proceeds of certain equity offerings.

\$600 million 4.250% senior notes due 2029. On November 4, 2019, the Company issued \$600 million principal amount of 4.250% Senior Notes which are due November 1, 2029. Interest on the notes is payable on May 1 and November 1 of each year, beginning on May 1, 2020. The Company may redeem the notes, in whole or in part, at any time prior to November 1, 2024 by paying the applicable make-whole premium plus accrued and unpaid interest, if any, to the date of redemption. On or after November 1, 2024, the Company may redeem the notes at the applicable redemption prices plus accrued and unpaid interest, if any, to the date of redemption. In addition, prior to November 1, 2022, the Company may redeem up to 40% of the notes from the proceeds of certain equity offerings.

\$750 million 2.450% senior notes due 2031. On August 12, 2021, the Company issued \$750 million principal amount of 2.450% Senior Notes which are due August 12, 2031. Interest on the notes is payable on February 12 and August 12 of each year, beginning on February 12, 2022. The Company may redeem the notes, in whole or in part, at any time prior to May 12, 2031 (three months prior to the maturity date), at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus the applicable make-whole premium, plus accrued and unpaid interest, if any, to but excluding the date of redemption. In addition, at any time after May 12, 2031, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption on the principal amount of the notes to be redeemed.

\$750 million 5.500% senior notes due 2032. On August 11, 2022, the Company issued \$750 million principal amount of 5.500% Senior Notes which are due August 12, 2032. Interest on the notes is payable on February 11 and August 11 of each year, beginning on February 11, 2023. The Company may redeem the Notes, in whole or in part, at any time prior to May 11, 2032 (three months prior to the maturity date), at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus the applicable make-whole premium, plus accrued and unpaid interest, if any, to but excluding the date of redemption. In addition, at any time after May 11, 2032, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption on the principal amount of the notes to be redeemed.

\$750 million 5.550% senior notes due 2033. On January 30, 2023, the Company issued \$750 million principal amount of 5.550% Senior Notes which are due May 30, 2033. Interest on the notes is payable on May 30 and November 30 of each year, beginning on May 30, 2023. The Company may redeem the notes, in whole or in part, at any time prior to February 28, 2033 (three months prior to the maturity date), at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus the applicable make-whole premium, plus accrued and unpaid interest, if any, to but excluding the date of redemption. In addition, at any time after February 28, 2033, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption on the principal amount of the notes to be redeemed.

\$750 million 5.950% senior notes due 2033. On July 27, 2023, the Company issued \$750 million principal amount of 5.950% Senior Notes which are due October 15, 2033. Interest on the notes is payable on April 15 and October 15 of each year, beginning on October 15, 2023. The Company may redeem the notes, in whole or in part, at any time prior to July 15, 2033 (three months prior to the maturity date), at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus the applicable make-whole premium, plus accrued and unpaid interest, if any, to but excluding the date of redemption. In addition, at any time on or after July 15, 2033, the

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Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption on the principal amount of the notes to be redeemed.

\$850 million 5.800% senior notes due 2034. On January 29, 2024, the Company issued \$850 million principal amount of 5.800% Senior Notes which are due April 15, 2034. Interest on the notes is payable on April 15 and October 15 of each year, beginning on October 15, 2024. The Company may redeem the notes, in whole or in part, at any time prior to January 15, 2034 (three months prior to the maturity date), at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus the applicable make-whole premium, plus accrued and unpaid interest, if any, to but excluding the date of redemption. In addition, at any time after January 15, 2034, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption on the principal amount of the notes to be redeemed.

Maturities

Debt maturities (exclusive of an unamortized original issue premiums and unamortized debt costs) for each of the next five years and thereafter as of April 30, 2025 (in millions):

For the year ending 30 April,		
2026	\$	-
2027		549
2028		598
2029		597
2030		1,942
Thereafter		3,814
Total	\$	7,500

13. Leases

The Company leases a significant portion of the branch locations, and also lease other premises used for purposes such as district and regional offices and support office centers. The finance lease obligations consist of vehicles and building leases.

The tables below present financial information associated with the lease balances and related expenses for the years ended April 30, 2025, 2024 and 2023.

(in millions)	Classification	Year Ended April 30,		
		2025	2024	2023
Assets		\$	\$	\$
Operating lease assets	Operating lease right-of-use assets	2,523	2,403	2,107
Finance lease assets	Property and equipment, net:			
	Non-rental vehicles	52	48	28
	Property	142	133	134
	Less: accumulated amortization	(40)	(28)	(18)
Total lease assets		2,677	2,556	2,251
Liabilities				
Current				
Operating	Operating lease liabilities	266	249	217
Finance	Accrued expenses and other liabilities	7	6	6
Long-term				

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Operating	Non-current portion of operating lease liabilities	2,434	2,311	2,026
Finance	Other long-term liabilities	169	166	150
Total lease liabilities		<u>\$ 2,876</u>	<u>\$ 2,732</u>	<u>\$ 2,399</u>

(in millions)	Classification	Year Ended April 30,		
		2025	2024	2023
Operating lease cost⁽¹⁾	Cost of equipment rentals, excluding depreciation	\$ 300	\$ 277	\$ 230
	Selling, general and administrative expense	14	12	10
Finance lease cost				
Amortization of ROU assets	Non-rental depreciation and amortization	14	12	8
Interest on lease liabilities	Interest expense, net	9	7	6
Sublease income	Equipment rental revenue	(12)	(12)	(28)
Net lease cost		<u>\$ 325</u>	<u>\$ 296</u>	<u>\$ 226</u>

(1) Includes variable lease costs of \$25 million, \$25 million and \$21 million for the years ended April 30, 2025, 2024 and 2023, respectively, and short term lease costs associated with equipment that the Company rents from vendors and then rent to its customers of \$1 million, \$2 million and \$2 million for the years ended April 30, 2025, 2024 and 2023, respectively.

	As of April 30,		
Lease term and discount rate	2025	2024	2023
Weighted-average remaining lease term (years)			
Operating leases	15	15	15
Finance leases	21	21	24
Weighted-average discount rate			
Operating leases	5.21%	5.05%	4.65%
Finance leases	4.12%	4.03%	3.89%

(in millions)	Year Ended April 30,		
	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:	\$	\$	\$
Operating cash flows from operating leases	268	243	200
Operating cash flows from finance leases	9	7	6
Financing cash flows from finance leases	18	12	8
Lease assets obtained in exchange for new operating lease liabilities	227	385	366
Lease assets obtained in exchange for new finance lease liabilities	17	22	10

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Maturity of lease liabilities as of April 30, 2025
(in millions)

	Operating leases	Finance leases
	\$	\$
2026	277	23
2027	276	19
2028	272	15
2029	267	11
2030	264	9
Thereafter	2,695	185
Total	4,051	262
Less amount representing interest	(1,351)	(86)
Present value of lease liabilities	\$ 2,700	\$ 176

14. Income Taxes

The components of income before provision (benefit) for income taxes for each of the three years in the period ended April 30, 2025 are as follows:

(in millions)	Year Ended April 30,		
	2025	2024	2023
Pre-tax income	\$	\$	\$
United Kingdom	(5)	(31)	90
Foreign			
United States	2,018	2,106	2,005
Other	57	19	57
	\$ 2,070	\$ 2,094	\$ 2,152

The components of the provision (benefit) for income taxes for each of the three years in the period ended April 30, 2025 are as follows:

(in millions)	Year Ended April 30,		
	2025	2024	2023
Current	\$	\$	\$
United Kingdom	(6)	2	25
Foreign			
United States - Federal	410	195	128
United States - State and local	69	80	96
Other	2	9	17
	475	286	266
Deferred			
United Kingdom	12	(7)	(1)
Foreign			
United States - Federal	1	232	273
United States - State and local	16	14	11
Other	13	(3)	(2)
	42	236	281
Total	\$ 517	\$ 522	\$ 547

A reconciliation of the provision (benefit) for income taxes and the amount computed by applying the UK statutory income tax rate (25% in 2024 and 2025, 19.49% in 2023 as the tax rate changed from 19% to 25% on April 1, 2023) to the income before provision (benefit) for income taxes for each of the three years in the period ended April 30, 2025 is as follows:

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(in millions)	Year Ended April 30,								
	2025		2024		2023				
Computed tax at statutory tax rate	\$	517	25%	\$	523	25%	\$	420	19%
Foreign Tax Effects									
United States									
Statutory tax rate difference		(81)	(4%)		(84)	(4%)		30	2%
State and local tax		70	3%		77	4%		87	4%
Other		4	-		1	-		-	-
Other foreign jurisdictions		1	-		2	-		4	-
Nontaxable or nondeductible items		6	1%		3	-		6	-
Total	\$	517	25%	\$	522	25%	\$	547	25%

State taxes in California, Florida, Illinois, New York, Tennessee and Pennsylvania make up the majority (greater than 50%) of the tax effect in the state and local tax category. There are no effects of changes in tax law or rates enacted in the periods, effects of cross-border tax laws, tax credits, changes in valuation allowances or changes in unrecognized tax benefits which are material for separate disclosure. The impact of the change in UK tax rate in 2023 was not material as the tax rate had been enacted in a prior period and as such the revaluation of the UK deferred tax balances occurred prior to 2023.

Income tax paid (refunded) for each of the three years in the period ended April 30, 2025 is as follows:

(in millions)	Year Ended April 30,					
	2025		2024		2023	
	\$		\$		\$	
United Kingdom		(41)		1		31
Foreign						
United States – Federal		397		149		142
United States – State and Local		63		89		96
Other		6		7		18
Total	\$	425		246		287

The components of deferred income tax assets (liabilities) are as follows:

(in millions)	Year Ended April 30,					
	2025		2024		2023	
Deferred tax assets:	\$		\$		\$	
Leases		696		666		591
Accruals and reserves		172		198		164
Net operating loss and credit carryforwards		28		44		40
Capital loss carryforwards		15		10		10
Interest carryforwards		1		50		27
Total deferred tax assets		912		968		832
Less: valuation allowance		(18)		(13)		(27)
Total net deferred tax assets		894		955		805
Deferred tax liabilities:						
Property and equipment		(2,400)		(2,463)		(2,148)
Leases		(644)		(618)		(551)
Intangibles		(131)		(116)		(102)

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Other deferred tax liability	(7)	(6)	(5)
Total deferred tax liability	<u>(3,182)</u>	<u>(3,203)</u>	<u>(2,806)</u>
Total net deferred tax liability	<u><u>\$ (2,288)</u></u>	<u><u>\$ (2,248)</u></u>	<u><u>\$ (2,001)</u></u>

As of April 30, 2025, the Company has gross net operating loss carryforwards of \$26 million related to the UK and \$183 million related to US state jurisdictions that can be carried forwarded indefinitely, \$86 million of gross net operating losses related US state jurisdictions that will expire between 2037 and 2038 and \$9 million of gross net operating losses related to other foreign jurisdictions that will expire in 2044.

A valuation allowance has been provided where it is more likely than not that the deferred tax assets related to those operating loss carryforwards or gross temporary differences will not be realized. The following table presents the changes in the carrying amount of the valuation allowance for each of the three years in the period ended April 30, 2025:

(in millions)	Year Ended April 30,		
	2025	2024	2023
Beginning balance	\$ 13	\$ 27	\$ 22
Increase (decrease) in valuation allowance	4	(14)	5
Foreign exchange	1	-	-
Ending balance	<u><u>\$ 18</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 27</u></u>

The Company is asserting indefinite reinvestment on foreign earnings. As of April 30, 2025, 2024 and 2023, unremitted earnings of overseas subsidiaries were \$142, \$126 and \$103 million, respectively, which if distributed as dividends may be subject to withholding tax of 5%.

The Company conducts operations globally, and, as part of their global business, files numerous tax returns. The Company is routinely examined by various taxing authorities. The Company's global tax positions are reviewed by management on a regular basis. Based on these reviews, the results of discussions and resolutions of matters with certain tax authorities, tax rulings and court decisions and the expiration of statute of limitations, unrecognized tax benefits are adjusted as necessary.

The tax years that remain subject to examination by tax authorities as of April 30, 2025 are 2022-2024 for the United States, 2023-2024 for the United Kingdom and 2022-2024 for Canada.

The Company recognizes benefits from tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the consolidated financial statements from such positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement.

The following table provides a reconciliation of the total amounts of unrecognized tax benefits:

(in millions)	Year Ended April 30,		
	2025	2024	2023
Balance at beginning of year	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>
Gross increases related to prior period positions	-	-	-
Gross decreases related to prior period positions	-	-	-
Gross decreases related to expiration of statute of limitations	-	-	-
Foreign exchange	-	-	-
Balance at end of year	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>5</u></u>

As of April 30, 2025, 2024 and 2023, there are \$5 million of unrecognized tax benefits that would favorably impact the effective tax rate if recognized.

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The Company recognizes interest and penalties in the income tax provision in the Consolidated Statements of Operations. As of April 30, 2025, 2024 and 2023, the Company had accrued interest and penalties \$1 million. For the years ended April 30, 2025, 2024 and 2023, there was no movement reported in income tax expense related to interest and penalties.

15. Commitments and Contingencies

The Company is subject to a number of claims and proceedings that generally arise in the ordinary conduct of the business. These matters include, but are not limited to, general liability claims (including personal injury, product liability, and property and automobile claims), indemnification and guarantee obligations, employee injuries and employment-related claims, self-insurance obligations and contract and real estate matters. The Company believes that any liabilities ultimately resulting from these ordinary course claims and proceedings will not, individually or in the aggregate, have a material adverse effect on the consolidated financial position, results of operations or cash flows.

Capital commitments

As of April 30, 2025, capital commitments in respect of purchase of rental and other equipment totaled \$0.5 billion, all of which has been ordered. There were no other material capital commitments at the year end.

16. Stock-Based Compensation

Liability-classified awards

A summary of the transactions within the Company's liability-classified long-term incentive awards is as follows:

	Shares
Outstanding as of April 30, 2022	2,674,426
Granted	694,185
Exercised	(442,169)
Expired/lapsed	(51,280)
Outstanding as of April 30, 2023	2,875,162
Granted	444,209
Exercised	(480,582)
Expired/lapsed	(98,453)
Outstanding as of April 30, 2024	2,740,336
Granted	690,192
Exercised	(1,501,863)
Reclassification to equity-classified awards	(132,483)
Expired/lapsed	(149,765)
Outstanding and exercisable as of April 30, 2025	1,646,417

The total fair value of the stock-based compensation awards related to liability-classified long-term incentive awards that vested was \$98 million, \$33 million and \$19 million during the years ended April 30, 2025, 2024 and 2023, respectively.

\$14 million, \$32 million and \$72 million was recognized as a long-term liability for the liability-classified awards under the long-term incentive plans in the "Other long-term liabilities" on the consolidated balance sheets as of April 30, 2025, 2024 and 2023, respectively. \$17 million, \$119 million and \$27 million was recognized as a short-term liability for the liability-classified awards under the long-term incentive plans in the "Accrued expenses and other liabilities" on the consolidated balance sheets as of April 30, 2025, 2024 and 2023, respectively. As of April 30, 2025, there was \$24 million of total unrecognized compensation cost related to the liability-classified awards expected to be recognized over a weighted-average period of 1.0 years. The amount of unrecognized compensation cost will fluctuate over time as they are marked to market. The weighted average remaining contractual term of the liability-classified share options outstanding as of April 30, 2025 was 3.3 years.

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Equity-classified awards

A summary of the transactions within the Company's equity-classified long-term incentive awards is as follows:

	Shares	Weighted-Average Fair Value
Outstanding as of April 30, 2022	312,013	\$ 34.71
Granted	128,006	28.03
Exercised	(99,835)	19.78
Expired/lapsed	(1,315)	19.78
Outstanding as of April 30, 2023	338,869	36.64
Granted	82,850	48.15
Exercised	(86,816)	24.12
Expired/lapsed	-	-
Outstanding as of April 30, 2024	334,903	42.74
Granted	204,465	49.80
Reclassification from liability-classified awards	132,483	64.00
Exercised	(124,527)	54.82
Expired/lapsed	(3,638)	47.32
Outstanding and exercisable as of April 30, 2025	543,686	44.41

The total fair value of the stock-based compensation awards that vested was \$8 million, \$6 million and \$4 million during the years ended April 30, 2025, 2024 and 2023, respectively.

As of April 30, 2025, there was \$13 million of total unrecognized compensation cost related to the equity-classified awards expected to be recognized over a weighted-average period of 1.4 years. The weighted average remaining contractual term of the equity-classified share options outstanding as of April 30, 2025 was 4.7 years.

Stock-based compensation expense

The expenses and associated income tax benefits recognized are as follows:

(in millions)	Year Ended April 30,		
	2025	2024	2023
<i>Liability-classified awards</i>			
Compensation (credit) expense	\$ (14)	\$ 87	\$ 48
Income tax (benefit) expense	2	(23)	(13)
Total	\$ (12)	\$ 64	\$ 35
<i>Equity-classified awards</i>			
Compensation expense	\$ 5	\$ 5	\$ 5
Income tax benefit	-	-	-
Total	\$ 5	\$ 5	\$ 5

The Company's stock-based compensation expense is included in selling, general and administrative expense in the Company's consolidated statements of income.

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Assumptions

The following assumptions were used in the Monte Carlo simulation model for the long-term incentive awards:

(in millions)	Year Ended April 30,		
	2025	2024	2023
Expected volatility	32.80% - 32.82%	32.43% - 32.44%	32.66%
Risk-free interest rate	3.79% - 3.82%	4.40% - 4.83%	4.02% - 4.19%
Expected term	1.00 – 2.00	1.00 – 2.00	1.00 – 2.00
Dividend yield	0.00%	0.00%	0.00%

17. Retirement Benefits Plans

Defined contribution plans

The Company contributes to defined contribution plans substantially covering all qualifying employees. \$48 million, \$47 million, and \$40 million was recorded in the consolidated statements of income related to contributions payable to these plans by the Company at rates specified in the rules of the plans for the fiscal years ended April 30, 2025, 2024, and 2023, respectively. The expenses associated with these contributions was recorded in selling, general and administrative expense on the consolidated statements of income.

Defined benefit plan

The following table provides a reconciliation of benefit obligations and plan assets of the Company's defined benefit pension plan:

(in millions)	As of April 30,		
	2025	2024	2023
Changes in Projected Benefit Obligations			
Benefit obligations at beginning of year	\$ 85	\$ 88	\$ 123
Interest cost	4	4	4
Benefits paid	(4)	(4)	(4)
Actuarial gain	(7)	(3)	(33)
Foreign exchange movement	5	-	(2)
Benefit obligations at end of year	83	85	88
Change in Fair Value of Plan Assets			
Fair value of plan assets at beginning of year	84	106	141
Interest income	4	5	4
Loss on plan assets	(7)	(25)	(36)
Employer contribution	-	3	2
Benefits paid	(4)	(4)	(4)
Foreign exchange movement	5	(1)	(1)
Fair value of plan assets at end of year	82	84	106
Funded status	\$ (1)	\$ (1)	\$ 18

(in millions)	As of April 30,		
	2025	2024	2023
Amounts Recognized in Balance Sheet			
Other long-term liabilities	\$ (1)	\$ -	\$ 18
Net amount recognized	(1)	-	18

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Weighted-Average Assumptions Used to Determine Projected Benefit Obligations

Discount rate	5.6%	5.2%	4.8%
Inflation assumption – RPI	2.9%	3.2%	3.2%
CPI	2.3%	2.7%	2.3%
Rate of pension increase in payment	2.8%	3.0%	3.0%
Expected return on plan assets	5.6%	5.2%	4.0%

The following table sets forth the net periodic pension cost (benefit):

(in millions)	Year Ended April 30,		
	2025	2024	2023
Components of Net Periodic Pension Cost (Benefit)			
Interest cost	\$ 4	\$ 4	\$ 4
Expected return on plan assets	(4)	(4)	(6)
Net amortization of actuarial net loss	-	22	5
Net periodic pension cost (benefit)	\$ -	\$ 22	\$ 3

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.

The plan's assets are invested in the following asset classes along with their fair value hierarchy:

(in millions)		As of April 30,		
		2025	2024	2023
Asset Category		\$	\$	\$
Buy and maintain fund	Level 2	-	-	18
Liability driven investment funds	Level 2	-	-	77
Insurance policies	Level 2	82	84	-
Cash and cash equivalents	Level 1	-	-	11
Total		\$ 82	\$ 84	\$ 106

The following table presents estimated future benefit payments (in millions):

For the year ending 30 April,		
2026	\$	4
2027		4
2028		4
2029		4
2030		5
Thereafter		24
Total	\$	45

18. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

(in millions)	Year Ended April 30,		
	2025	2024	2023
Numerator:			
Net income	\$ 1,553	\$ 1,572	\$ 1,605
Denominator:			

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Denominator for basic earnings per share—weighted-average common shares	435,873,592	436,988,043	439,086,356
Effect of dilutive securities:			
Employee share options and share plan awards	1,078,328	2,349,673	1,951,930
Denominator for diluted earnings per share—weighted-average common shares	436,951,920	439,337,716	441,038,286
Basic earnings per share	\$ 3.56	\$ 3.60	\$ 3.66
Diluted earnings per share	\$ 3.55	\$ 3.58	\$ 3.64

19. Subsequent Events

Between June and September 2025, the Company acquired two specialty businesses and two general tool businesses in North America. The purchase price for these acquisitions is not material. The initial accounting for these acquisitions is incomplete given the proximity to the year end. Had these acquisitions taken place on May 1, 2024, their contribution to revenue and net income would not have been material.

The Company has evaluated subsequent events through September 5, 2025, the date the audited annual consolidated financial statements were available to be issued.