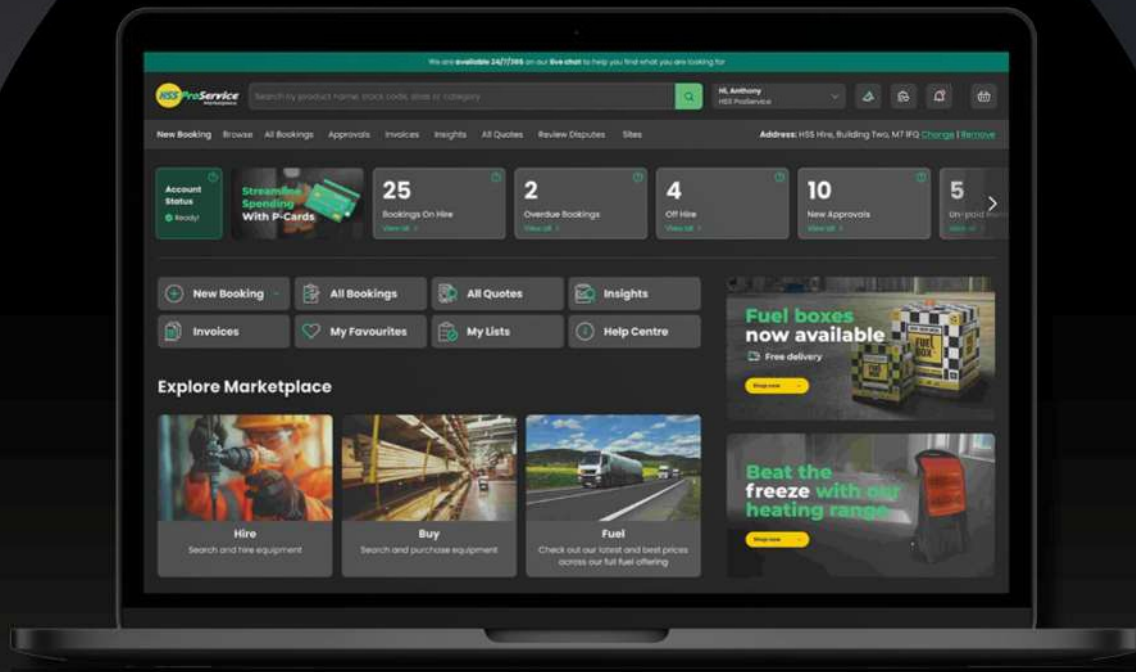




HSS Hire Group plc
Annual Report and
Financial Statements 2024-25



MARKET-LEADING TECHNOLOGY PLATFORM IN EQUIPMENT HIRE



ABOUT US

HSS Hire Group is a market leader in equipment hire in the UK. It offers a one-stop shop for all equipment hire through the complementary combination of its HSS ProService (ProService) and HSS The Hire Service Company (THSC) divisions.

ProService is a capital-light, scalable, technology-based business focusing on sales acquisition, whilst THSC is a fleet-owning fulfilment business focusing on customer service, health and safety and efficiency.

Our Purpose

Our purpose is to provide our customers with the equipment, training and services they need, employing technology to do this quickly, efficiently and sustainably.

Our Technology

Our technology platform, which we call Brenda, has been developed over several years. Modular in design and inherently scalable, this technology was built from the user's perspective, with tailored interfaces for different user types that encourage self-service. Our ambition is to create the most powerful, yet easy-to-use platform for hire and associated building service products in our industry.

OUR CORE UN SUSTAINABLE DEVELOPMENT GOALS



HIGHLIGHTS

Financial

Delivered resilient results set against a challenging market backdrop, whilst investing in our vision and making significant progress against our strategic aims.

[Read more on page 4](#)

Group revenue

£379.0m FY23: £312.4m¹

Underlying EBITDA and margin

£50.5m 13.3% margin

Underlying EBITA and margin

£6.6m 1.7% margin

Gross profit

£169.1m FY23: £147.1m¹

(Loss)/profit before tax

(£130.3m) FY23: profit of £6.9m¹

Non-Financial

RIDDOR frequency rate

0.23 FY23: 0.06

Colleague engagement

76% FY23: 74%

Greenhouse gases (building energy only)

3.71 TCO₂e/£m rev (FY23: 3.90)

1. The income statement has been restated to disclose continuing operations (see note 34), non-financial KPIs have been prepared on a total basis unless otherwise stated. The financial figures above compare the 15-months ended 31 March 2025 with the 12 months ending 30 December 2023.

Operational

Divested of two of our non-core businesses, HSS Power and HSS Ireland during and subsequent to the balance sheet date respectively. These disposals allow the Board to focus on the two main divisions ProService and THSC.

[Read more on page 2](#)

ProService continued to develop and invest in our technology platform. We currently have over 7,000 active account customers and 11,000 active cash customers per month, with c. 400 active sellers per month.

[Read more on page 20](#)

THSC now have 4,000 customers trading directly with them and continue to build this route to market through our 114 merchant desks and 21 CDC counters, following the closure of another of locations to right-size the business and focus on the needs of the hire market.

[Read more on page 27](#)

For the third time now, we have participated in a group-wide EcoVadis audit, and yet again we have made progress in our efforts. We maintained our prestigious Gold award and climbed from the top 95th percentile to the top 98th percentile, just narrowly coming short of a Platinum award by 1%.

[Read more on page 7](#)

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CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER

The past 15 months represents a period of significant transformation for HSS Hire Group, in line with the strategy we announced in 2022 to better position the Group for long-term, profitable growth. The separation of THSC and ProService has enabled the two businesses to independently shape and advance their own growth agenda, tailored to their individual needs and strategic direction. The foundations are now in place to create long-term value for shareholders.

OUR RESULTS

We delivered another set of resilient results reflecting the persistent end market headwinds we experienced in the period and our transition to a new operating model. Revenue for FY25 of £379.0m for the 15-month period compared to £312.4m in 2023. Gross margin declined by 250bps as we refocused the business for growth across two discrete verticals, whilst driving operating efficiencies and cost control at a Group level. These cost efficiencies were offset by strategic actions taken during the period to continue to build the ProService platform to position it to deliver sustainable growth and reflecting the costs of separating our ProService and THSC into two fully separate operations. Overall, this resulted in FY25 Underlying EBITDA of £50.5m (2023: £54.5m) and FY25 Underlying EBITA of £6.6m (2023: £21.6m) and a reduction in Underlying EBITDA margin of 410bps. After taking account of non-underlying costs including the impairment relating to THSC, we reported a loss before tax of £130.3m (2023: Profit of £6.9m).

Whilst the change to our year-end and the strategic changes we made to the business during the period make comparisons difficult, we have provided some LTM analysis for both 2025 and the prior year which shows our revenue, EBITDA and EBITA comparing the 12 months to March 2025 with the same prior period on a continuing operations basis. This showed that revenues declined to £298.2m (2023: £314.4m) or 5.2% year on year as a result of the impact of the loss of the Amey contract in late 2024, as previously announced, together with the impact of reducing the size of THSC, offset somewhat by growth in our ProService offering. This reduction in revenue, together with the increased running costs associated with running two discrete management teams, resulted in Underlying EBITDA reducing to £38.8m (2023: 52.9m) or 26.7% year on year and Underlying EBITA reducing 80.1%.

OPERATIONAL PROGRESS

HSS's vision is to be the market-leading, digitally-led brand for equipment services, with sustainability at our core. In order to achieve this, decisive strategic steps have been taken to improve each business and better serve our customers through the separation of ProService and THSC. Strong management teams are now in place for each and the new structure positions THSC as the key supplier to ProService, giving each business space to grow, to drive market share and achieve higher returns.

Led by its new management team, ProService has continued to strengthen its attractive technology platform, helping it to become what we believe is the leading digital marketplace for building services in the UK. With over 7,000 active account customers and over 11,000 active cash customers per month, ProService's lower-cost and flexible operating model provides a key platform for aggregating buyers and sellers across a broad range of building-related products and services. In addition to the equipment rental offering, new and wider ranges of non-rental product verticals have been introduced for our customers in the areas of Equipment Sales, Building Materials and Fuel. The response has been positive, particularly in Fuel, and customer and supplier behaviours continue to evolve as we further deploy our technology.

Over 3,200 of our customers have now used our marketplace platform on a self-serve basis and we are targeting 7,000 over the medium term which increases engagement, the opportunity to cross sell and reduces our cost per transaction. ProService's asset-light business model has proven it can deliver excellent customer service in an efficient way, paving the way to becoming the UK's leading business-to-business platform for building services.

For our traditional hire business, this has meant launching a new brand HSS The Hire Service Company (THSC) previously HSS Operations, in October 2024 supported by a new management team to effect change. During the year and into the current year, THSC has been right-sized operationally, closing several depots to reduce costs and move equipment geographically into areas of the UK where there is more demand whilst continuing to expand the builders merchant model. Since the period end it has also been expanding its offering to include a range of new small plant and M&E equipment. THSC is now well placed to leverage its diverse product offering and extensive network, although the Board will continue to explore further areas of rationalisation where the outcome is to improve return on capital employed for shareholders. The builders' merchant model has continued to expand, working with new partners such as leading building materials merchants, and there are currently over THSC 130 hire locations, with more merchants in the pipeline and this together with THSC's direct sales model into customers from the sales team established in October 2024 continue to generate new demand.

A SUSTAINABLE BUSINESS

Our sustainability agenda remains a key component of our strategic growth plan which reflects both our culture and the business models we have rolled out to support our customers.

In recognition of our commitment to our Net Zero 2040 goal we are proud to be the first in our sector to have our Science Based Targets validated by the SBTi. For the third year in succession, we retained our gold rating in EcoVadis' annual sustainability assessment, which is awarded to only the top 5% of all companies assessed.

2025 also saw ProService launch Greener Alternatives, a tool which complements our Customer Carbon Reporting dashboard to help customers make more informed, sustainability-led choices. These not only represent industry firsts but are a key differentiator to attract further new business. THSC's commitment to sustainability was further demonstrated this year by the launch of our Internal Sustainability Champions Network to recognise greener practices and help local initiatives and has also resulted in the launch of several depot-led projects.

We continued to seek out ways to support our customers in achieving their Net Zero goals, upgrading our fleets, exploring fuel alternatives and other ways to reduce our carbon emissions.

Both businesses remain firmly aligned in their commitment to creating a supportive and inclusive working environment. At THSC, we continue to support and grow our ED&I strategy, inspiring young people through our "Open Door" programme, which is now in its third year. This initiative was further supported with the launch of a dedicated female mentoring scheme at ProService, aimed at progressing women to senior leadership roles.

Colleague engagement, wellbeing, and a strong sense of belonging continue to be shared priorities, reflecting a unified Group-wide ethos that places people at the heart of the Group's long-term success.

CHAIRMAN'S STATEMENT CONTINUED

DIVESTMENTS

HSS Power

During March 2024, the Group announced the sale of ABird Limited, ABird Superior Limited and Apex Generators Limited (together the 'Power' Companies) to CES Global for consideration of £20.7m. The sale was undertaken as part of a strategic decision to focus on the core THSC hire business and growth of the ProService. The Group utilised £12.5m of the disposal proceeds to repay borrowings and further strengthen the Group's balance sheet position.

As part of this transaction, HSS entered into a commercial agreement with CES for the cross-hire of power generators and related services to ensure the broadest possible distribution of, and customer access to existing fleets of CES and HSS.

HSS Hire Ireland Limited

On 2 April 2025, the Group announced the sale of HSS Hire Ireland Limited ('HIL'), the Group's Republic of Ireland operations, to Grafton Group plc for total consideration, after taking account of completion adjustments of €28.9m (c.£24.3m), representing a transaction multiple of c.8.7x of HIL's 2024 Underlying EBITA.

The sale completed on 31 May 2025 and reflects the Group's strategic objective of creating a more focused business with reduced debt. Shortly after completion of the disposal, the Group utilised £17.6m of the proceeds to repay borrowings and further strengthen the Group's balance sheet position.

TRANSFORMATIONAL RE-SHAPING OF THE GROUP

The financial and legal separation of our ProService and THSC businesses equipped each division with the autonomy and leadership to pursue separate growth strategies. The Board is committed to building on the strong proposition of ProService, including broadening the range of suppliers on the platform together with an expanded product offering and reinvesting free cash flow into sales and marketing to support growth initiatives.

Details of the Speedy Hire Commercial Agreement and sale of THSC are detailed in a separate announcement made to the market on 6 October 2025, outlining the strategic progress achieved in order to position the Group to deliver long term profitability (see note 34 to the consolidated financial statements).

OUR BOARD

A period of significant transition for the Group resulted in re-invigorating our divisional leadership teams and several Board changes. After eight years in the role, Paul Quedstedt stepped down as Chief Financial Officer on 30 August 2024. On behalf of the Board, I would like to thank Paul for his significant contribution to the Group.

Richard Jones joined HSS as interim CFO on 9 August 2024. With over a decade of experience in financial roles in UK public and private companies, Richard is well placed to help us achieve our strategic, financial and operational objectives. Furthermore, following the separation of ProService and Operations, now THSC, Steve Ashmore was appointed as Executive Chairman of ProService on 1 October 2024 and remains on the Board as an Executive Director and Alan Peterson became non-Executive Chairman of THSC and retained his role as non-Executive Chair of HSS.

FY25 saw some changes to the independent non-executive Board and its committees with the departure of long-serving Directors, Amanda Burton and Doug Robertson and the arrival of Neil Cooper also on 7 January 2025, whose experience and insight is proving valuable to the Board. Ernst Kastner, previously an observer on HSS's Board on behalf of HSS's second largest shareholder since 2020 was also appointed to the Board on 7 January 2025.

The experienced Board supports two strong and senior management teams with the execution of their strategic objectives whilst they independently progress their strategy in areas such as ESG, technology development and talent creation.

DIVIDEND

Whilst an interim dividend of 0.187 pence per share was paid in November 2024, the Board have decided not to declare a final dividend for the extended period ending 31 March 2025 reflecting the need to prioritise the allocation of our capital to the ongoing business.

OUTLOOK

HSS has delivered strong strategic progress during the period in reshaping the Group by successfully separating ProService and THSC. Despite having to bear the considerable burden of increased taxation that came into effect in April 2025, following the split of the two businesses we are well placed to focus on ProService's strategic priorities and to drive improved performance at THSC.

With an encouraging pipeline of opportunities for ProService's digital marketplace, the Group is well positioned to benefit as end market conditions improve. Whilst the current market conditions remain challenging, we are optimistic about our long-term prospects and the opportunity to create significant value for shareholders.

As part of our strategic review, we are confident in being able to execute our plans to provide longer term capital for the Group to replace our existing lending facilities which are due to be repaid in September 2026 and in doing so, resolve the material uncertainty over going concern.

Alan Peterson OBE

Chairman

5 October 2025

KEY PERFORMANCE INDICATORS

MEASURING OUR PROGRESS

KPIs and strategy

The only change to KPIs in the period is the removal of ROCE in the period. These best reflect the performance of the business and progress against the latest strategy.

Change in period end

The Group changed its year end in the current period and the figures aside compare the current period (15 months) with the prior period (12 months) and accordingly are not directly comparable.

Discontinued operations

In the current period, the Group has presented its financial statements on a continuing basis in accordance with the requirements of IFRS 5.

Because of this, certain comparative figures have been restated to be presented on a continuing basis. All income statement figures on this page are continuing figures. Because of the continuing basis, comparatives before 2023 are no longer included on this page.

[See Financial Review on page 4](#)

KEY

Strategy linkage

- 1 ProService: Enhance our market-leading proposition
- 2 ProService: Expand both our buyer and seller network
- 3 ProService: Drive self-service adoption
- 4 THSC: Lead with ESG
- 5 THSC: Optimise our network
- 6 THSC: Focus on customer service

Strategy linkage

- CL Driver of colleague incentive plans
- L Component of leadership incentive plan
- CL Driver of colleague incentive plans and component of leadership incentive plan
- I Indirectly, as a key component of EBITA

GROUP REVENUE

1 2 3 4 5 6 CL

Definition & Importance: Simplest measure of the ongoing growth of the Group's sales from which profits can be generated and shareholder value created. Revenue is from contracts with third party customers derived after deducting VAT, rebates and credit note provision movements.

FY23 performance £312.4m

FY25 performance £379.0m

GROUP UNDERLYING EBITA

1 2 3 4 5 6 CL

Definition & Importance: Measure of profitability before amortisation, impacts of capital structure (interest and tax) and exceptional items. Underlying EBITA is operating profit before amortisation, impairment of intangible assets and exceptional items.

FY23 performance £21.6m

FY25 performance £6.6m

GROUP LOSS BEFORE TAX

1 2 3 4 5 6 CL

Definition & Importance: Widely recognised statutory measure of profitability. Represents profits or losses of the Group before the effects of taxation.

FY23 performance £9.9m

FY25 performance (£130.3m)

GROUP GROSS PROFIT

1 2 3 4 5 6 CL

Definition & Importance: Widely recognised measure of profitability. Gross margin represents the percentage of revenue remaining after deducting cost of goods sold (COGS).

FY23 performance £147.1m

FY25 performance £169.1m

GROUP LEVERAGE

1 2 3 4 5 6 CL

Definition & Importance: Measure of balance sheet strength. Leverage is net debt expressed as a multiple of Underlying EBITDA. The figures for leverage shown below are in line with the definitions in the Group's covenants and as a result will not be directly calculable by taking the Underlying EBITDA for the whole Group on a continuing basis, comparatives are presented on an as reported basis.

FY23 performance 1.9x

FY25 performance 2.3x

GROUP UNDERLYING PBT

1 2 3 4 5 6 CL

Definition & Importance: Measure of profitability before tax that forms part of the Underlying EPS calculation. Represents profit before tax, amortisation of customer relationships and brand-related intangibles and exceptional items.

FY23 performance £9.7m

FY25 performance (£8.4m)

GROUP UNDERLYING EBITDA

1 2 3 4 5 6 CL

Definition & Importance: Widely recognised measure of profitability. Metric also used in leverage and covenant calculations. Underlying EBITDA is operating profit before depreciation, amortisation, impairment and exceptional items.

FY23 performance £54.5m

FY25 performance £50.5m

GROUP EPS

1 2 3 4 5 6 CL

Definition & Importance: Widely recognised measure of profitability per share. Earnings per share is defined as profit after tax, divided by the weighted average number of shares.

FY23 performance 0.42p

FY25 performance (18.48)p

GROUP CHIEF FINANCIAL OFFICER REVIEW

Financial highlights

15 months to 31 March 2025:

Revenue	Underlying EBITA	Underlying EBITDA Margin
£379.0m	£6.6m	13.3%
Underlying EBITDA	Gross Profit	Underlying EBITDA % of Gross Profit
£50.5m	£169.1m	29.9%

The Group disposed of two businesses, using the funds generated to pay down debt and create additional working capital. During the period, the Power division was sold, and the Group's operations in the Republic of Ireland were then sold subsequent to the year end as part of a strategic decision to focus on the core hire business of THSC.

In addition to the effort expended by the Group's management teams on the restructuring activities above, there has been a continued focus on delivering a leaner operating model. This included further cost saving activities in THSC, with additional location closures on underperforming sites and a focus on higher utilisation locations to drive profitability and reduce operating costs. The cost of implementing these efficiencies in the business was £2.7m which is included within non-underlying items.

The Group's progress on its strategic objective to operationally separate the two divisions, along with the disposal of non-core businesses, has positioned the Group well to deliver on the Board's long-term strategic aims and maximise shareholder value.

Revenue

Group revenue for FY25 was £379.0m (2023: £312.4m). This movement is primarily driven by the current, fifteen-month period being compared against twelve months in the prior year. The average monthly revenue year on year declined slightly, with the difficult market conditions from the prior year continuing into the current period. Revenues on an LTM (Last Twelve Month) basis decreased 5.2% to LTM25 revenues of £298.2m (LTM24: £314.4m) reflecting the impact of the contract loss of Amey announced in June 2024 offset somewhat by growth in hire and other revenues in the period.

Group revenue growth is one of our KPIs as, combined with estimates of market size and growth rates, it provides us with a measure of our market share. HSS's revenue recognition accounting policy includes the judgment that some of the Group's contracts with customers contain leases. Accordingly, the policy explains that the Group's hire and rehire revenue streams fall within the scope of IFRS 16 Leases. (see note 4 in the Consolidated Financial Statements).

Segmental performance

Highlights from the Group's segments are shown below, all presented on a continuing basis.

15-month period ended 31 March 2025	ProService	Operations – UK (THSC)	Corporate	Eliminations	Total
Revenue	£362.8m	£132.1m	–	(£115.9m)	£379.0m
Underlying EBITDA	£15.6m	£37.9m	(£3.0m)	–	£50.5m
Underlying EBITA	£13.2m	(£3.6m)	(£3.0m)	–	£6.6m

12-month period ended 30 December 2023	ProService	Operations – UK (THSC)	Corporate	Eliminations	Total
Revenue	£311.0m	£109.4m	–	(£108.0m)	£312.4m
Underlying EBITDA	£12.6m	£43.7m	(£1.9m)	£0.1m	£54.5m
Underlying EBITA	£11.0m	£12.3m	(£1.9m)	£0.2m	£21.6m

A full review of the financial performance for ProService and THSC can be found within this report on pages 19-25 and 26-32 respectively.

Costs

Cost of sales were £209.9m (2023: £165.2m). Gross profit margin fell by 2.5% to 44.6% (2023: 47.1%), partly due to a change in revenue mix, with rehire revenues representing a higher percentage of Group revenue in the current period.

Administrative expenses were £137.5m (2023: £102.1m), and this included non-underlying costs of £4.9m incurred in connection with the operational separation of the two divisions during the period.

Underlying EBITDA and Underlying EBITA

Continuing Underlying EBITDA for FY25 was £50.5m (2023: £54.5m) with Continuing Underlying EBITDA margins lower than FY23 at 13.3% (2023: 17.4%). The reduction in margin period on period is primarily caused by the increased costs relating to the separation and non-underlying costs together with the impact of lower gross margins. Continuing Underlying EBITDA on an LTM basis decreased 26.7% to £38.8m (2023: £52.9m) reflecting the reduction in revenues, a change of mix impacting gross margins and the increased costs of the re-organisation.

Continuing Underlying EBITA for FY25 was £6.6m (2023: £21.6m), a combination of the fall in Continuing Underlying EBITDA noted above and an increased depreciation charge reflecting the 15 month period. On an LTM basis Continuing Underlying EBITA decreased 80.1% to £3.9m (2023: £19.6m) reflecting the reduction in Continuing Underlying EBITDA together with the relatively fixed costs of depreciation and amortisation.

Operating loss and loss before tax

The Group generated an operating loss of £117.8m in FY25 (2023: profit of £17.4m). This included a one-off impairment charge of £113.5m (see note 14 to the consolidated financial statements), in the period relating to THSC. As a result loss before tax was £130.3m (2023: profit of £6.9m).

GROUP CHIEF FINANCIAL OFFICER REVIEW CONTINUED

Non-underlying items

During the period, the Group introduced a new Alternative Performance Measure (APM) which distinguished between underlying and non-underlying results. This change was made to allow the users of the financial statements to get a clear view of the underlying performance of the business, excluding the effects of items of income or expense which are not reflective of underlying trading performance. The table below shows the nature and values of the major categories of non-underlying items on a continuing basis in the current period (see note 7 for more information):

15-month period ended 31 March 2025

Onerous property costs	£0.5m
Costs relating to Group restructuring	£4.9m
Costs relating to network restructuring	£2.7m
Onerous contract costs	£0.3m
Impairment losses on tangible assets	£45.7m
Impairment losses on intangible assets	£67.8m
Total non-underlying items from continuing operations	£121.9m

The most significant item in non-underlying costs is the impairment charge that was recognised against segmental assets allocated to the HSS Operations UK CGU, which includes the operations of THSC. The reason for the impairment charge was a downwards revision in future forecast profits consistent with the Group's recent experience of prolonged, challenging market conditions and expectation that these will continue in the short-term.

The impairment charge recognised is the difference between the segmental assets allocated to the CGU and the estimated recoverable amount, which continues to be based on a value-in-use calculations, with the reduction in the overall value-in-use, an impairment charge of £113.5m has arisen (see note 14).

Finance costs

The Group incurred finance costs in the period of £12.6m on a continuing basis (2023: £10.4m). These costs relate primarily to the charges associated with the Group's senior finance facility which were £5.9m during the period (2023: £5.3m). The increase period on period was due to the elongated reporting period offset slightly by a fall in SONIA rates during the current period. The Group's leases and hire purchase arrangements gave rise to finance costs of £5.3m (2023: £4.0m), which increased due to an increase in THSC leasing levels during the period, offset by the sale of Power which reduced the lease portfolio.

Taxation

The Group had a tax charge for the year of £0.7m (2023: £4.0m) on continuing operations. The total tax charge including discontinued operations was £1.3m, with a current tax charge of £0.7m (2023: credit of £0.8m) and a deferred tax charge of £0.6m (2023: £5.6m). The deferred tax charge in the previous period was significantly higher due to the derecognition of deferred tax assets in respect of losses when forecasts for the current period results were revised downwards. Deferred tax assets have been recognised to the extent that management considers it probable that tax losses will be utilised. In the current period a three-year (2023: three-year) recognition window has been applied.

Reported and underlying earnings per share

Our basic and diluted earnings per share ("EPS"), both on a reported and underlying basis, reduced in the current period with reported EPS moving to a loss per share of (18.48) pence (2023: profit per share of 0.42 pence). This was driven by the reduced profit levels in the current period and most significantly, by the impairment charge of £113.5m.

Capital expenditure

Additions to intangible assets during the period were £3.6m (2023: £7.1m). The majority of this spending relates to investment in technology, principally in our Brenda platform to support ProService's future marketplace business growth. The decrease in additions during the period relates principally to the maturity of the platform, with a shift towards more maintenance expenditure and less cost of the costs incurred being original development eligible for capitalisation.

Additions to our property, plant and equipment in respect of hire fleet was £24.3m (2023: £29.6m). The decrease between periods is partly due to the network restructure, which saw a significant volume of hire fleet redeployed to locations with higher utilisation, reducing capital expenditure requirements. This was offset somewhat after the period by THSC expanding its offering to include a range of new land moving equipment, a completely new product line for the segment.

Trade and other receivables

Gross trade debtors fell significantly in the period, from £76.6m to £64.4m. This decrease is most significantly due to the disposal of the Power companies and the presentation of Ireland as a disposal group classified as held for sale. The disposal of Power reduced trade debtors by £2.2m and £7.5m of trade debtors were classified as held for sale at the balance sheet date.

The remaining decrease of £2.5m has been the product of significant focus and improved performance on cash collections. However, with the ongoing macroeconomic uncertainty, we continue to adapt our processes and systems to mitigate this risk (refer to Principal Risk and Uncertainties) and have applied an adjusted risk factor to expected loss rates in determining the provision for impairment.

Provisions

Provisions reduced £8.5m to £10.1m (2023: £18.6m). The vast majority of this reduction relates to the ongoing onerous contract payments to Unipart following the exit from the National Distribution and Engineering Centre in 2018. At 31 March 2025, the remaining balance on this provision was £2.9m, which is due to be fully utilised in the next financial period and end the contractual obligations to Unipart.

Cash generated from operations

Net cash generated from operating activities was £28.4m, an increase of £8.2m compared with 2023. The increase has been driven by a combination of improved working capital management (inflow of £7.3m compared with an outflow of £11.3m in 2023) and a reduction of £3.2m in hire equipment cash outflows in the current period.

Leverage and net debt

Net debt levels improved by £14.0m to £97.6m (2023: £111.6m) and at 31 March 2025 the Group had access to £58.3m (2023: £68.2m) of combined liquidity from available cash and undrawn borrowing facilities. With the reduced Underlying EBITDA and higher net debt, leverage increased to 2.3x (2023: 1.9x). Interest cover was 4.5x (2023: 6.1x).

GROUP CHIEF FINANCIAL OFFICER REVIEW CONTINUED

The Group refinanced during the current period with changes to its covenant levels to take account of the disposal of Ireland. These are tested quarterly and all have passed with headroom during the period.

Our lenders have provided their support to the transformational re-shaping of the Group announced today including re-setting covenants for the remaining term of the facilities.

Going concern

The Group has continued to trade with sufficient liquidity to fund day to day operations and this has also benefitted from the reduction in the senior term facility following the utilisation of receipts from divestments and the retention of the surplus balance relating to the sale of Ireland, together with careful management of capital including more targeted capex and no final dividend declared for the period.

However, whilst our lenders have approved the reshaping of the Group including the commercial agreement with Speedy Hire and the disposal of THSC which included the re-setting of covenants through to September 2026, ongoing discussions to fully refinance the facilities due to expire in September 2026 have not yet concluded, and as the outcome of these discussions remains uncertain, this gives rise to a material uncertainty as to going concern that the Board is confident will be resolved in the near term following the outcome of the strategic review and conclusion of refinancing discussions.

Use of alternative performance measures to assess and monitor performance

In addition to the statutory figures reported in accordance with IFRS, we use alternative performance measures (APMs) to assess the Group's ongoing performance. The main APMs we use are Underlying EBITDA, Underlying EBITA, Underlying profit before tax, Underlying earnings per share, Net debt and leverage (or Net Debt Ratio).

We believe that Underlying EBITDA, a widely used and reported metric amongst listed and private companies, presents a 'cleaner' view of the Group's operating profitability for the year by excluding non-underlying costs (including exceptional items), finance costs, tax charges and non-cash accounting elements such as depreciation and amortisation.

Additionally, analysts and investors assess our operating profitability using the Underlying EBITA metric, which treats depreciation charges as an operating cost to reflect the capital-intensive nature of the sector in which we operate. This metric is used to calculate annual bonuses payable to Executive Directors.

The Underlying profit before tax figure comprises the reported profit before tax, amortisation of customer relationships and brands-related intangibles as well as exceptional costs added back. This amount is then reduced by an illustrative tax charge at the prevailing rate of corporation tax to give an Underlying profit after tax.

Analysts and investors also assess our earnings per share using our Underlying earnings per share measure, calculated by dividing Underlying profit after tax by the weighted average number of shares in issue over the period. This approach aims to show the implied underlying earnings of the Group.

In accordance with broader market practice, we comment on the amount of net debt in the business by reference to leverage (or Net Debt Ratio), which is the multiple of our Underlying EBITDA that the net debt represents over a twelve-month period on a last twelve-month basis.

Discontinued operations

During the current period, the Group disposed of the Power CGU and HSS Ireland, a second CGU was classified as an asset held for sale at the period end. As a result, the Group presented these two CGUs as discontinued operations in accordance with the requirements of IFRS 5.

As a result of adopting this presentation, the income statement and related notes to the accounts have been adjusted to show the results consistently on a continuing basis, which includes restating certain comparatives. The results of discontinued operations including the result on disposal were £1.3m in the current period (2023: £1.3m), see note 32 for more details.

Post balance sheet events

Sale of HSS Hire Ireland Limited

Subsequent to the year end, on 1 April 2025, the Group entered into an agreement for the sale of HSS Hire Ireland Limited to a third party, Chadwick's Holdings Limited, a subsidiary of Grafton Group plc.

The sale completed on 31 May 2025 and the business was sold for gross consideration of €28.0m, with customary working capital and debt adjustments resulting in total net cash consideration of €28.9m (c. £24.3m). Net assets disposed were £23.0m (including consolidation related intangibles of £7.5m) for a gain before transaction costs of £1.3m. In connection with the sale of the businesses the Group has incurred transaction costs of c. £1.0m. The disposed entity was presented as a discontinued operation within these financial statements and contributed revenues of £34.3m to the Group in the current period.

Subsequent to the sale, proceeds of £17.6m were used to make a partial repayment of the Group's senior loan facility, reducing the total liability from £57.5m to £39.9m post period end. The balance of the proceeds were retained as cash on deposit.

Commercial agreement with Speedy Hire and disposal of THSC

Details of the Speedy Hire Commercial Agreement and sale of THSC are detailed in a separate announcement made to the market on 6 October 2025, outlining the strategic progress achieved for the long-term profitability of the Group, more details are included in note 34 to the consolidated financial statements.

Drawdown of the Group's RCF

Subsequent to the year end, on 1 April 2025, the Group drew down £5.0m of the revolving credit facility, leaving £15.0m of the facility available. The £5.0m was drawn to facilitate payments to exit certain THSC trading locations and accelerate cost saving plans in association with the THSC branch network restructure. The amounts drawn attract interest on the same basis as the Group's senior facility, being SONIA plus margin.

Issue of shares

After the period end, on 6 June 2025, the Group issued 3,404,025 shares in connection with the Group's share schemes. These shares were part of the FY22 RSA share scheme and were issued for nil consideration. The total increase in the Group's share capital was £34.0k.

Richard Jones

Chief Financial Officer

5 October 2025

GROUP SUSTAINABILITY

In FY24 we published our third ESG Impact Report, in line with our commitment to update and publish annually so that, as a Group, we continue to hold ourselves accountable to our ESG vision, strategy and goals.

SUSTAINABILITY AT HSS PROSERVICE

ProService is the technology-based business unit of the HSS Group. As a marketplace business, its purpose is to offer our buyers (customers) tens of thousands of products and services wherever and whenever they want, at the click of a button, via our sellers (suppliers).

As an asset-free business, the challenges faced are materially different from those of THSC, however the commitment to minimising our environmental impact and scale our sustainability efforts remains steadfast.

By leveraging the data and digital tools available in-house, we are becoming the more reliable and sustainable organisation in our market.

SCIENCE BASED TARGETS INITIATIVE

We take our ambitious Net Zero 2040 target seriously. That is why we are proud to be the first in our sector to have our Science Based Targets (SBTs) validated by the Science Based Target initiative (SBTi) in May 2023.

This means that our near and long-term emissions reduction targets, whilst drastic, are achievable. We've also committed to align with a 1.5°C rise in global temperatures compared with pre-industrial levels through the Business Ambition for 1.5°C campaign.

ECOVADIS GOLD AWARD

For the third time now, we have participated in a group-wide EcoVadis audit, and yet again we have made progress in our efforts. In 2024, we maintained our prestigious Gold award and climbed from the top 95th percentile to the top 98th percentile, just narrowly coming short of a Platinum award by 1%.

With over 130,000 rated companies in more than 180 countries globally, EcoVadis is one of the world's most trusted platforms for externally verifying an organisation's sustainability efforts, covering a wide range of topics pertaining to the Environment, Labour & Human Rights, Ethics and Sustainable Procurement. Therefore, to be in the top 2% is testament to our progress.

CARBON DISCLOSURE PROJECT (CDP)

The CDP is a global non-profit organisation that allows companies, cities, states and regions manage and disclose their environmental impacts. Every year, since our inaugural disclosure we have attained a higher mark. In 2024, we were proud to achieve an A rating for the first time.

GREENER ALTERNATIVES

In 2024 we launched the Greener Alternatives feature to our self-service platform, ProService Marketplace. This revolutionary tool is designed to help buyers make more sustainable choices by highlighting environmentally friendlier equipment options at point of order, alongside the commercial implications in terms of price.

By providing clear comparisons between standard and low-emission or electric alternatives, it empowers our users to consciously reduce their carbon footprint without compromising on performance. This feature not only supports businesses in meeting their environmental goals but also simplifies the decision-making process and provides easy oversight as to which users are making greener choices, and those that aren't. This enables more senior members of an organisation to look at individual adoption rates and have targeted discussions to enforce a culture.

CUSTOMER CARBON REPORTING

Following a successful and informative series of pilot projects in 2023, we launched our industry-first Customer Carbon Reporting Dashboard at scale, for all customers on HSS ProService Marketplace in 2024. This is a key milestone in our commitment to delivering innovative, value-added services to our already revolutionary self-service platform.

Since launch the feedback from our stakeholders has been overwhelmingly positive. It empowers our customers to monitor and manage their use-phase and transport-associated carbon emissions with clarity and confidence, whilst providing our internal stakeholders with a powerful key differentiator to attract new business with confidence.

However, we never rest on our laurels at ProService and we're already exploring ways to expand this further by aligning to our verticals such as fuel, building materials, equipment sales, training and more. We look forward to providing further updates on our efforts in this area, but providing a free, easy to use and accurate tool that is third party verified is proving vital to customer retention.

SOCIAL VALUE

Increasing emphasis is being placed on measuring the positive social value we, as a Group, are having on communities and the nation owing to our operations. Increasingly, social value is a deciding factor on whether bid submissions are successful or not, as a result a growing number of our stakeholders have asked us to quantify this. We have listened and acted.

In 2024, we engaged a specialist partner in THRIVE to help us measure, track and improve the already impressive social value we add. We now have the facility to quantify this and are happy to report that in 2024 we added £197.0m in social value, focusing specifically on three themes in our first reporting year: Tackling Economic Inequality, Fighting Climate Change and Well-being.

This in inaugural report is great step on our way to becoming an even better company for all our stakeholders, and no doubt there are data points we've been unable to report on until we further develop our ERP system, which is an ongoing project.

GROUP SUSTAINABILITY CONTINUED

The weighting of our first social value reports (on a calendar year basis) and their sub-themes are:

Tackling Economic Inequality: £197,010,435

- Create new businesses, new jobs and new skills
- Increase supply chain resilience and capacity

Fighting Climate Change: £2,093,645

- Effective stewardship of the environment

Wellbeing: £333,841

- Improve health and wellbeing
- Improve community integration

VOLUNTEERING HOURS

4,551

DONATIONS

£125,366

SUPPLIER AUDITING

In 2024, we continued to maintain the safest and largest network of sellers in Europe, offering our buyers the peace of mind that whatever they hire or buy they will receive the same level of excellent service, quality and safe products and services.

For this reason, we have a supplier auditing policy which stipulates that all preferred suppliers must pass an audit annually, carried out by our internal team of qualified, competent and experienced auditors. The type of audit i.e. physical or desktop varies depending on their risk rating, however no supplier is permitted to have two consecutive desktop audits. This somewhat stringent measure ensures that we operate in an effective working partnership with our entire supply chain, using it as an opportunity not to be punitive but supportive to our crucial supply chain.

The next step is to automate this process, and we are developing an all-in-one seller portal which will streamline the commercial, operational and ESG aspects of our individual seller relationships. This will not replace the important work of our auditors, merely complement it by automating certain aspects such as compliance documentation, insurance documentation, product offerings, pricing, coverage etc.

WASTE

ProService has a much smaller estate than our partners at THSC, comprising of an office in Manchester and a training location in Birmingham. As an asset-free business, the waste that we produce as a result of our operations is different in nature and volume than that of THSC. However, we are still committed to achieving improved landfill diversion rate, recycling ratios and altogether avoiding the creation of new waste.

We have a well-established Dry Mixed Recycling bin system that all colleagues have received training on and are working towards the elimination of single-use plastics in our operations, which has contributed to a rise in our recycling ratio to 27%

As a technology-based business, every colleague at ProService is issued with a company laptop to ensure that all colleagues have the tools necessary to effectively carry out their duties, wherever they are. We have engaged with a specialist Waste Electrical and Electronic Equipment (WEEE) company to effectively and responsibly dispose of our electric waste at the end of its ProService life.

This ensures that all possible WEEE waste has its data securely and irrevocably removed, before being refurbished and sold to other organisations, thus extending its lifespan further. The agreement we have made is that 60% of net profits from the resale of these items comes back to ProService.

Taking this further, we are exploring options for a similar partnership to remove and recycle other office waste such as chairs, desks etc.

ROADSHOWS

Product innovation is vital for the construction industry to reduce its environmental impact and play its part in helping the UK reach net zero. According to Hansard and UK Government data, the construction process is responsible for 10 to 13% of UK's annual greenhouse gas emissions. However, if you take into account the built environment as a whole (including embodied carbon) this figure rises to c25%.

As we expand our verticals such as building materials, equipment sales and fuel the need for product innovation is more important than ever. Therefore, in 2024 we continued with our now well-established Innovation Roadshows.

Spread across four locations throughout the UK, 90 suppliers met with over 500 colleagues and customers, showcasing hundreds of the most innovative products available on HSS ProService Marketplace. The purpose was simple: spread awareness of the fantastic products and services available to drive new enquiries that grow business and reduce environmental impact.

GROUP SUSTAINABILITY CONTINUED

SUSTAINABILITY AT HSS: THE HIRE SERVICE COMPANY

HSS: THSC is the operational and asset-heavy business unit of the HSS Group. As a traditional hire company, with locations throughout the UK, a vast commercial transport fleet and extensive fleet of equipment, THSC remains a leading UK-based tool and equipment hire specialist.

The very nature of the business means that it is crucial to the HSS Group reaching our stated ESG goals, including Net Zero 2040. Whilst the challenges faced are different to that of ProService, it is crucial that both businesses focus on their own respective areas where they have a material impact.

By continuing in our well-established efforts to reduce operational emissions, THSC is already a leader in reducing its environmental impact.

FLEET

We have continued to make progress on our journey to transitioning our company car and operational fleet of vehicles into low-carbon alternatives or electric vehicles (EVs) where practicably possible, given current business requirements.

In 2024, as vehicle leases expired, we moved to 83% of our company car fleet being either plug-in hybrids (PHEV's) or EVs (31% being pure EV) with the remaining 17% of vehicles with emissions of less than 120g CO₂. This means we are on target to achieve our 2030 goal to exceed 60% of our company car fleet being either PHEVs or EVs and have already exceeded our 2025 goal of 40%.

Unfortunately, EV and PHEV technology still is not able to deliver the mileage we require to maintain our high level of customer service in our commercial fleet, if we were to convert our entire fleet to EV/PHEV. That's why we have introduced 3.5t EV Dropside vehicles in targeted locations where their daily requirements are in line with current mileage technology.

However, we are taking action where we can; for example, we have converted 50% of our mobile engineer fleet to low-emission PHEV vans from diesel vans and have introduced four x EV pick-up trucks which are suitable for the more rugged, brownfield sites we sometimes have to attend.

After analysing our routing and miles per job data for each location, combined with trials in 2023, we are proud to announce that 13% of our 3.5 ton delivery vehicles are now zero-emissions.

We aren't just stopping there: our partnership with Microlise continues and means that we can monitor our drivers' habits and behaviours on the road, such as excessive acceleration and braking, all of which can potentially be unsafe, burn unnecessary fuel and potentially damage our brand reputation. This software enables our operation managers to review this data and have targeted conversations with our driver colleagues, so that we are completing jobs safely, economically and with reduced environmental impact.

WASTE

With a vast network of locations throughout the UK, THSC produces a different type of waste than their office-based partners in ProService.

In 2023, we removed general waste skips from all locations to improve our waste segregation and therefore recycling ratios. This had an immediate positive effect, and we're happy to report that this trend has continued in 2024, with our recycling ratio for skips improved – contributing to the overall increase in landfill diversion rate, from 90% to 97% in 2024.

We have also continued with our proven waste league tables per location. This encourages healthy competition between branches with incentives on offer for categories such as least waste produced, most recycled, etc.

Combined with our colleagues' efforts in ProService, this means we are well on target to achieve 95% zero-waste to landfill target in 2025 and 60% reuse and recycle rate across all locations.

WATER

Water saving is an often-forgotten aspect of improving environmental performance. However, we recognise that the nature of our operations and the changing climate means that it is of increasing importance to us.

We use water for a range of necessary things, from ensuring a clean and safe workspace, personal hygiene and also cleaning equipment. In 2023, we started to take action and gained 81% visibility of water usage across our entire estate.

Now that we have a clear understanding of the water we use, we can start to implement water-saving measures and are actively exploring a range of measures such as: low-flow taps, toilets and urinals, leak detectors and closed-loop water systems for equipment cleaning.

Staff training is vital, and we are working with our L&D team to implement a training module that educates on the importance of water conservation and how best to achieve it. We are looking forward to updating you further on our efforts in this regard.

GROUP SUSTAINABILITY CONTINUED

KEY BIODIVERSE AREA (KBA) REPORT

HSS has always fostered a strong reputation for effective governance which we feel is necessary for an ethical, profitable and environmentally sustainable business. This is one of the reasons that we submitted a voluntary Task Force on Climate-related Financial Disclosures (TCFD) Report in 2022.

With the Taskforce for Nature-related Financial Disclosures (TNFD) on the horizon, we have produced our first ever HSS Sites Biodiversity Report. This report identifies whether our business has operational activities which are proximal to biodiversity-sensitive areas and details our potential environmental risk, impact and mitigation measures.

This report provides an early indication of potential concerns regarding biodiversity, and serves to give guidance that can be used for informed decision making within THSC.

As the nature of and composition of our estate changes over time, we will update this report and look forward to sharing our progress.

EMPOWERING OUR PEOPLE

At THSC, we recognise that building a sustainable business starts with empowering our people. We have always believed and understand that as the challenges change and ESG landscape evolves, so must we. In 2024, we expanded our e-learning courses to include an additional 13 modules, ensuring that all colleagues understand the role they play in supporting our sustainability goals. These modules cover topics such as energy conservation, responsible waste management and the environmental impact of our operations.

However, all things in business are only effective if they are driven from a strong leadership position. For that reason, environmental responsibility is embedded at all levels of leadership within THSC, from our senior leadership team (SLT) right through to our junior managers.

Regular updates on environmental performance and initiatives are reviewed by our SLT, ensuring accountability and strategic alignment with our goals. This top-down commitment is complemented by the launch of our Internal Sustainability Champions Network, which sees colleagues from across the business who advocate for greener practices and help local initiatives. The purpose of these champions is to act as conduits between our high-level sustainability goals and our day-to-day operations, encouraging further behavioural change and identifying any opportunities for improvement that may have been overlooked.

This relatively new initiative has already contributed to several successful depot-led projects which we look forward to updating you on in 2026. We believe this demonstrates that our approach to including all colleagues, at all levels, is central to our success.

ENERGY EFFICIENCY IN OUR OPERATIONS

As a part of our ongoing commitment to reducing our environmental impact, THSC has continued to invest in energy-efficient technologies and practices across our operations, following the findings from the UK Government's Energy Savings Opportunity Scheme (ESOS) in which we identified energy-efficiency projects across our entire estate in 2023.

For the past 5 years we have invested in greener products, including upgrading our lighting systems in 2024 across all branches and distribution centres to LED and automatic light sensors, which improve energy efficiency and improve safety by ensuring areas are properly illuminated when required, resulting in measurable reductions in electricity usage. We are already well on our way to reduce energy consumption by 30% per site by 2030, and will exceed this target if we remain on our current trajectory.

We have continued to track and monitor energy use across our operations and produce monthly reports on energy consumption, supplemented with quarterly league tables on performance. This healthy competition, reinforced by energy efficiency training to all staff, will contribute to the behavioural change that we will require in order to decarbonise our operations in line with our targets.

Our transition towards lower carbon operations must also include more technology however, so we have begun evaluating the installation of solar photovoltaic (PV) potential across all locations - despite already procuring 100% green electricity.

We are already well on our way to reduce energy consumption by 30% per site by 2030, and will exceed this target if we remain on our current trajectory.

IMPROVING PRODUCT CIRCULARITY

In line with our commitment to make the hire industry improve its already impressive circularity credentials, we have advanced our efforts to extend the lifespan of our products and reduce waste in new and innovative ways.

Whilst we continue to send safe equipment to auction and strip other equipment for parts to maximise the lifespan of equipment as much as possible, in 2024 we began a new initiative with original equipment manufacturers (OEMs), specifically piloting a scheme to manage the end-of-life process for fibreglass steps – a frequently used and difficult to recycle product in our fleet.

This pilot has proven both operationally effective and environmentally beneficial, successfully diverting material from landfill whilst strengthening further our partnership attitude with suppliers.

Building on this success, we plan to expand the programme to include more difficult to recycle or resell product categories and deepen our collaboration with OEMs.

RISK MANAGEMENT

MANAGING RISK AND UNCERTAINTY

“We have empowered Group businesses to grow, working closely with management teams to build bespoke risk registers and assurance programmes, to help identify and manage emerging issues.”

Mark Shirley

Risk and Assurance Director

We employ a comprehensive risk management process to help the Group identify emerging risks, assessing impact and ensuring appropriate mitigating actions are put in place. Assurance programmes are in place to support Group business, with monthly Executive Management Team (EMT) discussions and quarterly Board review.

Ownership

The EMTs are responsible for delivery, setting the risk appetite, tolerance and culture to achieve its goals. The Audit Committee plays a key supporting role through monitoring the effectiveness of risk management and the control environment, reviewing and requesting deep dives on emerging risk areas and directing and reviewing independent assurance.

The Group's EMTs have overall responsibility for day-to-day risk management. Mark Shirley, HSS' Risk and Assurance Director, maintains the Group's risk register which is reviewed in detail by the Audit Committee on a quarterly basis with changes to the risk landscape, assessment and mitigating actions agreed.

The ProService risk register is maintained by ESG Director Matt Adams and THSC Risk Register is maintained by Mark Shirley. Both are reviewed quarterly by the respective EMTs teams with each

risk assigned a specific risk owner to manage mitigation actions for each identified risk.

Identification and assessment

Risks are identified through a variety of sources, both internal and external, to ensure that key developing themes are considered. This process is focused on those risks which, if they occurred, would have a material financial or reputational impact on the Group.

Management identifies the controls in place for each risk and assesses the impact and likelihood of the risk occurring, taking into account the effect of these controls, with the result being the residual risk. This assessment is compared with the Group's risk appetite to determine whether further mitigating actions are required.

All risks have an overall EMT owner responsible for their day-to-day management. Health and safety and ESG are key areas in our industry and, as such, require collective ownership to continually improve. There is an established Executive Health and Safety Forum (THSC) which is CEO-Chaired, made up of the EMTs, the Risk and Assurance Director, the Quality Manager and Head of Learning and Development. The Forum meets bi-monthly (and more frequently if required) to review trends, incidents and issues.

Throughout the year an ESG Committee chaired by the ESG Director oversaw improvement actions and monitored risk and opportunities. ESG risk is integrated into our risk management process as part of the Group's commitment to the requirements of CFD. These are covered in more detail on pages 33-46.

Monitoring

The Risk and Assurance Director reports and meets with the Group CFO and each divisional CFO monthly to review the findings of risk-based assurance activity. Risk-based assurance work

is then reported to the Audit Committee on a quarterly basis for review.

Culture and values

The Board is cognisant that risk management processes alone are not enough to mitigate risk, and behaviour is a critical element in risk management. The well-being of our colleagues, the drive and skill sets they bring and the training and environment we provide are key to our success. These are underpinned in the HSS values, which are vital in us achieving our strategy as well as mitigating the risks associated with it.

HOW WE MANAGE RISK

We adopt a three lines of defence model for managing risk, providing the Board and the EMTs with assurance that risk is appropriately managed. This is achieved by dividing responsibilities as follows:

THE FIRST LINE OF DEFENCE
Functions that own and manage risk.

THE SECOND LINE OF DEFENCE
Functions that oversee or specialise in specific risk such as Health, Safety, Environment and Quality (HSEQ), Supply Chain Auditors, Performance Reporting, and Control Risk Self-Assessment (CRSA) audits undertaken by regional management.

THE THIRD LINE OF DEFENCE
Functions that provide independent assurance, in the HSS case primarily Internal Audit.

Macroeconomic risk

This continues to be the highest-rated risk facing the Group with a combination of conflict, political change, protectionism, increased National Insurance rates and high interest rates affecting consumer confidence in construction and therefore UK growth. Continued high levels of insolvency mean we continue to refine and invest in our credit control systems.

Within THSC, over the past 12 months we have closed a number of depots to reduce costs and move equipment geographically into areas where there is more demand. The company has also restructured its business to have one reporting line for sales and operations for locations under the COO.

ProService's lower-cost and flexible operating model continues to be key in combating inflationary pressures.

We closely monitor conditions and take action as appropriate to manage the trading conditions.

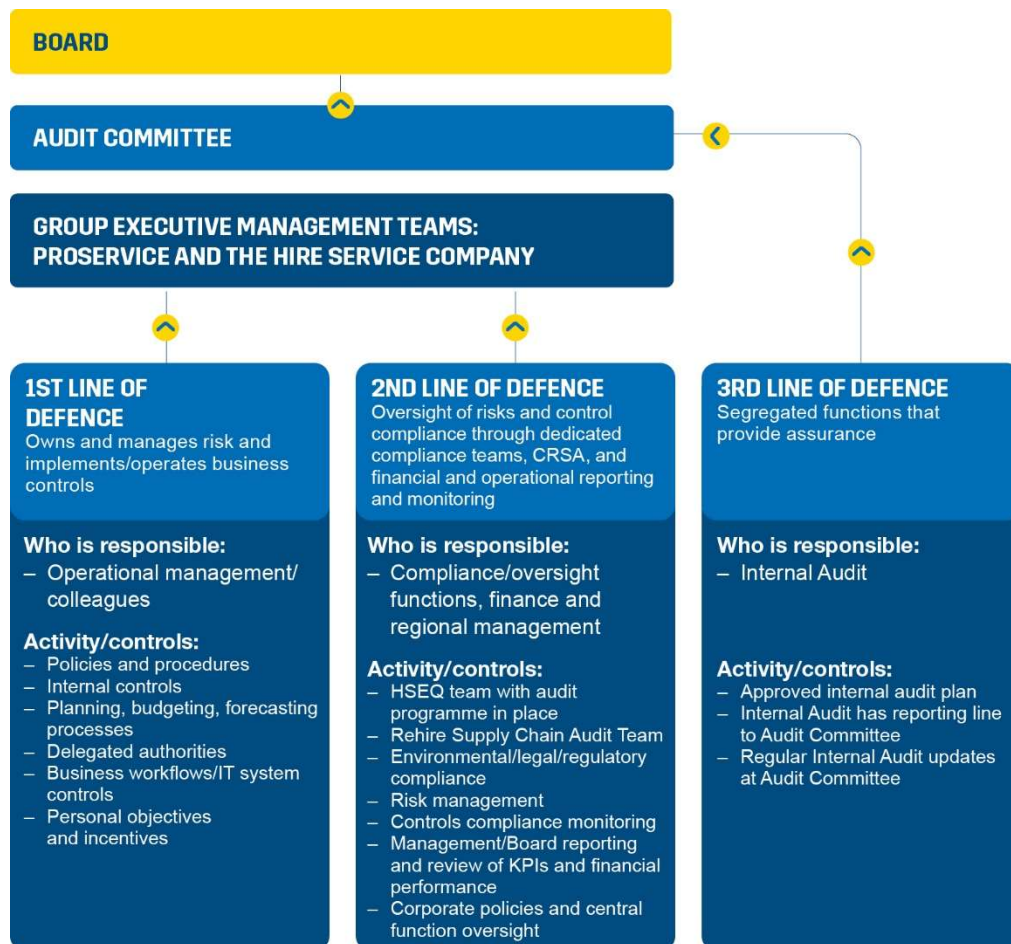
Business separation

With the Group separating into two businesses with their own management teams, there has been a degree of supporting activity and change to assurance projects and programmes across the year.

Both ProService and THSC have established risk registers that reflect their own individual risks that feed into the Group risk register. Both businesses have separate assurance programmes and monthly reports and meetings to update EMTs on any emerging issues so they can be managed.

RISK MANAGEMENT CONTINUED

RISK MANAGEMENT FRAMEWORK



FY24/25 RISK MANAGEMENT DEVELOPMENTS

The focus in FY24/25 changed to focus organisation's risk and assurance needs on the separate businesses, ensuring each business had access to appropriate resources to support the EMTs whilst maintaining PLC Board oversight of risk via the Group Audit Committee.

Introduced a balanced scorecard to evaluate health and safety performance across locations and departments, using a blend of audit scores and performance data, with a focus on safety and standards and communicating and celebrating good performance in our location.

Built separate risk registers and assurance programmes for ProService and THSC.

Created separate tracking reports for both businesses around health and safety and fraud risk.

Built capacity in both businesses to enable separate application for ISO accreditation, ensuring each business has separate policy, procedures and management systems.

Fraud Training implemented for both customer-facing colleagues and credit controllers across Group businesses. Real-life examples flagged through the industry fraud forum used to bring emerging trends to light.

ProService developed a new customer complaints module to give better insight into supply chain performance.

FY25/26 PLANNED IMPROVEMENTS TO RISK MANAGEMENT PROCESS

The focus for FY25/26 will be on building on the initiatives launched in 24/25 and ensuring we support individual businesses to grow alongside the Group.

Introduce a balanced scorecard relating to Internal Audit activity, building on the balanced scorecard launched for health and safety last year.

The realigning of sales and operations enables the audit team to do more analysis around how effectively assets are utilised, to improve efficiency and reduce costs.

Work with a third party specialist to revamp health and safety training, drawing on trainers with a military background experience.

Evolve the risk management process, to make the Group analysis of risk less manual from each business.

Increase intercompany audit work to give the Board assurance that the businesses continue to work effectively to grow the Group revenue and profit.

Expand the coverage of ISO 27001 to get wider assurance over information security management.

INDUSTRY AND ISO ACCREDITATIONS

EXTERNAL AUDIT

PRINCIPAL RISKS AND UNCERTAINTIES

Key – Movement

No movement: =

Up: ↑

Down: ↓

Key risk	Description and impact	How we mitigate	What we have done in FY24/25
<p>1. MACROECONOMIC CONDITIONS</p> <p>Movement =</p> <p>Owner: Steve Ashmore ProService Executive Chairman</p>	<p>The Group's sales and profits, either volume or price, are adversely impacted by any decline in the macroeconomic environment.</p> <p>International conflicts, inflationary pressures and the higher cost of borrowing lowers growth, affecting demand, supply chains and financial performance.</p>	<p>The Group is not over-exposed to any one area or segment.</p> <p>Ongoing monitoring and modelling of macroeconomic indicators and performance, both of which are reviewed regularly by the EMTs.</p>	<p>We have continued to maintain tight cost control measures, due to market confidence and demand being affected by political uncertainty, conflict and high interest rates.</p> <p>THSC closed a number of depots where demand was softer and restructured the operational side of the business, to bring sales and operations back under one management line, reducing costs and headcount.</p> <p>The low-cost merchant model has been expanded to increase the number of hire locations to over 130.</p>
<p>2. COMPETITOR CHALLENGE</p> <p>Movement =</p> <p>Owner: Steve Ashmore ProService Executive Chairman</p>	<p>A highly competitive and fragmented industry, with the chance that increased competition could result in excess capacity, therefore creating pricing pressure and adverse impacts on planned growth.</p>	<p>ProService employs differentiated technology platforms, including fully integrated self-service interfaces for customers, suppliers and colleagues, providing fast and efficient user journeys.</p> <p>Through our continually expanding supply chain, the Group gives customers a one-stop shop providing access to a huge range of products and complementary services such as training courses.</p> <p>Our organisational structure allows for a strong focus on sales acquisition.</p> <p>We have a low-cost operating model, providing national coverage from a network of central distribution centres (CDCs), builders merchants and traditional branches.</p>	<p>Following separation of ProService and THSC and establishment of separate EMTs, clearly defined visions and strategic objectives have been created for each, providing focus to advance their differentiated propositions. These are covered in more detail on pages 21 and 28.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Key – Movement

No movement: = Up: ↑ Down: ↓

Key risk	Description and impact	How we mitigate	What we have done in FY24/25
<p>3. STRATEGY EXECUTION</p> <p>Movement ↑</p> <p>Owner: Richard Jones Group Chief Financial Officer</p>	<p>Failure to successfully implement the Group's strategic plans alongside lower-than-expected realised benefits leads to reduced forecast financial performance in terms of revenue growth and cost savings.</p> <p>In addition, this includes the risk that the announcements made today regarding the future strategic initiatives discussed in note 34 to the consolidated financial statements do not complete and alternative options need to be considered.</p>	<p>Two clearly defined and communicated strategic plans are in place.</p> <p>Clear governance structure, with defined accountabilities.</p> <p>Implementation of projects is monitored by the Board, including resource allocation.</p> <p>Monthly updates, including initiative-specific deep dives, provided to the Board.</p> <p>With regard to the strategic initiatives due to complete subsequent to the reporting date, the Board engages in regular dialogue with stakeholders and has considered a range of alternative scenarios should the strategic actions not complete.</p>	<p>Due to the risk of pursuing two separate strategies in a challenging market the risk rating has been increased.</p> <p>The Group separated into businesses with their own EMTs, reporting directly into the main Board, with an added Group CFO and Chairman representing ProService and THSC. This gives each business the freedom to pursue separate strategic objectives, whilst maintaining a close working relationship under close monitoring of the Board.</p> <p>The ProService strategy is to target large clients, grow verticals, enhance the technology platform, and to improve supply management through automation.</p> <p>The ProService self-service marketplace has continued to gain momentum over the course of the year.</p> <p>THSC strategy centres on growing local customers through their direct sales team, CDCs and merchant networks.</p> <p>THSC has continued to adapt its merchant model, changing locations and the partners they work with, including a number of strategic closures to focus on ensuring coverage matches the demands of the market.</p> <p>The Group has engaged in active discussions with lenders regarding the strategic initiatives discussed in note 34 and have obtained consent for their execution. The Group has also considered alternative options as a contingency in the event that these strategic initiatives do not complete after the period end.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Key – Movement

No movement: = Up: ↑ Down: ↓

Key risk	Description and impact	How we mitigate	What we have done in FY24/25
<p>4. CUSTOMER SERVICE</p> <p>Movement =</p> <p>Owner: Steve Ashmore ProService Executive Chairman</p>	<p>The provision of the Group's expected service levels depends on its ability to efficiently transport the hire fleet across the network to ensure it is in the right place, at the right time and of the appropriate quality.</p> <p>Management of customer relationships is important to ensure appropriate payment is received for the quality of service provided.</p> <p>Any disruption in supply, quality or relationship management can reduce revenue and drive additional costs into the business.</p>	<p>National reach and presence through CDCs, branches, builders merchant partners and online.</p> <p>Diverse range of rehire suppliers provides ongoing flexibility to ensure continuity of supply for customers.</p> <p>Clear business continuity plans to maintain supply.</p> <p>Extensive and continued training to ensure testing and repair quality standards are maintained.</p> <p>Audits and reporting covering quality, contracts and complaints.</p> <p>Business accreditations are maintained, including ISO 9001, providing customers with confidence in the quality of the services provided.</p>	<p>We continue to invest in training for colleagues to improve the quality of our service. A new customer complaints portal was established in ProService, to ensure quality is maintained in supply chain and customers remained satisfied.</p> <p>THSC have restructured to bring the sales and operational elements of the business back under one management line, ensuring there is a more customer-centric approach.</p> <p>THSC invested in new equipment requested by merchant customers, investing in diggers, dumpers, powered access, and manufacturing and engineering equipment.</p>
<p>5. THIRD PARTY RELIANCE</p> <p>Movement =</p> <p>Owner: Richard Jones Group Chief Financial Officer</p>	<p>THSC and ProService are reliant on each other to increase revenue and Group profitability, which requires diligence. The majority of ProService's revenue is derived from the Services business which is dependent upon the performance of third party service providers, whilst THSC is also reliant on ProService and the merchant model.</p> <p>If any third parties become unable or refuse to fulfil their obligations, or violate laws or regulations, there could be a negative impact on the Group's operations leading to an adverse impact on profitability and publicity.</p>	<p>Third party rehire suppliers are subject to rigorous onboarding processes.</p> <p>Each supplier is subject to demanding service level agreements with performance monitored on an ongoing basis.</p> <p>The wide and diverse range of rehire suppliers provides flexibility to select those who meet required service levels.</p> <p>Extensive commercial and risk assessment process undertaken before and after entering into a relationship with a builders merchant or opening a new location.</p>	<p>The risk description was changed to reflect the separation of Group businesses and their reliance on working together profitably.</p> <p>The new structure places THSC as the key supplier to ProService.</p> <p>The builders merchant model has continued to expand, working with new partners such as Selco. There are currently over 130 hire locations, with more merchants in the pipeline.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Key – Movement

No movement: = Up: ↑ Down: ↓

Key risk	Description and impact	How we mitigate	What we have done in FY24/25
<p>6. IT INFRASTRUCTURE</p> <p>Movement =</p> <p>Owner: Richard Jones Group Chief Financial Officer</p>	<p>The Group requires an IT system that is appropriately resourced to support the business. An IT system malfunction may affect the ability to manage operations and distribute hire equipment and service to customers, affecting revenue and reputation.</p> <p>An internal or external security attack could lead to a potential loss of confidential information and disruption to transactions with customers and suppliers.</p>	<p>Third party specialists are used to assess the appropriateness of IT controls, including the risk of malicious or inadvertent security attacks.</p> <p>Firewalls, antivirus software, endpoint detection and clean-up tools are used to protect against malicious attempts to penetrate the business IT environment and remove malware or similar agents.</p> <p>Procedures to update supplier security patches.</p> <p>Multi-factor Authentication login security technology in place for all colleagues remotely accessing the Group's systems.</p> <p>Regular disaster recovery tests conducted and appropriate back-up servers to manage the risk of primary server failure.</p> <p>Cross-departmental Data Governance team to ensure that business processes are, and continue to be, adequate.</p> <p>Ongoing resilience and penetration testing.</p>	<p>Whilst we have continued to invest in security to reduce the risk and have improved performance, it comes with the backdrop of the UK experiencing a greater threat, and we have decided to keep risk scoring at the same level.</p> <p>Investment has continued in IT infrastructure and our evolving cyber security plan</p> <p>Phishing alerts are reduced significantly due to our investment in cyber security. A cyber security week was held in October to ensure colleagues are aware of threats and good practice.</p> <p>Restrictions were introduced for Artificial Intelligence (AI) solutions via our firewall controls, reducing the risk of data leakage when using AI for analytical purposes.</p> <p>ISO 27001 and Cyber Essentials certifications were successfully completed, and we are working on plans to expand the scope and coverage of accreditation going forward.</p>
<p>7. FINANCIAL</p> <p>Movement ↑</p> <p>Owner: Richard Jones Group Chief Financial Officer</p>	<p>7a. Funding (liquidity /headroom) – Loss of available funds and access to borrowing at reasonable rates to allow the businesses to function and grow to deliver their strategies. In addition, that trading results reach a position whereby covenant compliance becomes an issue and might prevent access to liquidity.</p> <p>7b. Operational – The companies do not trade in a profitable way and are not rewarded appropriately for the service provided.</p>	<p>Working capital management with cash collection targets (which roll up into our net debt KPI).</p> <p>Extensive credit checking for account customers with strict credit control over a diversified customer base.</p> <p>Comprehensive risk reporting including regular detailed credit limit reviews.</p> <p>Credit insurance in place to minimise exposure to larger customer default risk.</p> <p>Investigation team focused on minimising the Group's exposure to fraud.</p> <p>Clearly defined authorisation matrix governing payments and amendments.</p>	<p>This risk was split into two separate risks mid-year and the rating increased. This was to reflect the different teams managing the risk: Finance for funding, and Operations colleagues managing the trading risk. It also reflects the current UK insolvency rate, combined with higher interest rates.</p> <p>The Group has utilised the proceeds of the sale of our HSS Power division to reduce our debt position. The proceeds from the sale of the Irish business will also be reinvested to reduce debt to improve liquidity.</p> <p>The Group has negotiated an extension to its existing debt facilities. This will provide an extension to September 2026 for the existing term debt of £57.5m and also liquidity in the form of a revolving credit facility (RCF) of £20m.</p> <p>The Group is currently reviewing arrangements with lenders in light of the forecast breach of the Group's covenants during the period of assessment for going concern and we expect discussions with lenders to be successful.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Key – Movement

No movement: = Up: ↑ Down: ↓

Key risk	Description and impact	How we mitigate	What we have done in FY24/25
<p>8. SKILLS, RESOURCES AND OVERSIGHT</p> <p>Movement ↓</p> <p>Owner: Steve Ashmore ProService Executive Chairman</p>	<p>The Group needs to ensure the appropriate skills, resources and management oversight is in place to support the existing and future growth of the business.</p> <p>Failure to attract and retain the necessary high-performing colleagues could adversely impact targeted financial performance.</p> <p>Global inflationary pressures impact ability to retain colleagues.</p>	<p>Market rates are regularly benchmarked to ensure competitive pay and benefits packages.</p> <p>Training for colleagues is provided at all levels to build capability and improve compliance. Training is role-related and behaviour-focused, via blended learning.</p> <p>Colleague engagement surveys are conducted, with actions taken as a result of feedback.</p> <p>Recruitment programmes working with third parties such as prisons offering opportunities to ex-offenders.</p> <p>Initiatives such as Earn as you Learn.</p>	<p>The risk has been reframed to focus on skills and resources and the risk rating reduced to reflect the headcount reductions over the course of the year.</p> <p>The increase in Employers' NI, coupled with the lowering of the payment threshold and above-inflation National Living Wage significantly increased wage costs (£2.5m). The separation and restructuring of both businesses and closing of depots has led to efficiencies and a reduction in headcount helping to manage the increased cost.</p> <p>With the moving of sales and operations under one management line in THSC, support and training has been provided to colleagues to help them adapt to the wider scope of responsibilities.</p> <p>ProService has been able to reduce headcount through restructures and innovation.</p>
<p>9. LEGAL AND REGULATORY REQUIREMENTS</p> <p>Movement =</p> <p>Owner: Daniel Joll General Counsel</p>	<p>Failure to comply with applicable law and regulation could have severe ramifications, including reputational damage and/or financial loss or penalty.</p>	<p>Robust governance is maintained within the Group, including a strong financial structure, assurance provision from internal and external audit, and employment of internal specialist expertise supported by suitably qualified and experienced external practitioners.</p> <p>Training and awareness programmes focusing on a variety of key topics such as anti-bribery, anti-modern slavery, anti-facilitation of tax evasion, data protection legislation, ED&I and price collusion have all been in place during 2024.</p> <p>Whistleblowing process in place providing colleagues with the ability to raise non-compliance issues, which the Company Secretary discusses with the Audit Committee and the Board.</p>	<p>Execution and reputational risk (including leak risk) around corporate projects was a key risk this year, which was mitigated with careful project planning and project execution, with advice and assistance from our corporate advisers.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Key – Movement

No movement: = Up: ↑ Down: ↓

Key risk	Description and impact	How we mitigate	What we have done in FY24/25
<p>10. SAFETY</p> <p>Movement =</p> <p>Owner: Steve Ashmore ProService Executive Chairman</p>	<p>The Group operates in industries where safety is paramount for colleagues, customers and the general public.</p> <p>Failure to maintain high safety standards could lead to the risk of serious injury or death.</p>	<p>Clear health and safety policy with ongoing risk management and monitoring of accidents and incidents.</p> <p>Health and Safety Forum chaired by the CEO and comprising senior managers with responsibility for setting direction and monitoring progress.</p> <p>Fully skilled HSEQ team and internal investigators providing assurance and support.</p> <p>Mandatory training programmes for higher-risk activities.</p> <p>The Group is ISO 45001 Health and Safety accredited.</p>	<p>Seven RIDDORs were reported in the period, down from six reported in the previous year.</p> <p>To improve engagement in safety training we started working with an outside company giving a military perspective to safety training. The aim is to mix up our approach in delivering safety training and recognises the importance of colleague training in preventing accidents</p> <p>A balanced scorecard to evaluate health and safety performance in locations was launched using a range of metrics to rate safety performance and celebrate and reward locations monthly.</p>
<p>11. ESG</p> <p>Movement =</p> <p>Owner: Matt Adams ESG Director</p>	<p>If the Group fails to set and meet appropriate ESG goals, there may be an adverse reputational impact with stakeholders and it could limit ability to trade with customers. This could result in revenue reduction, deterring people from joining the business and limiting attractiveness to investors.</p> <p>More detail on ESG and Climate-related Financial Disclosures (CFDs) is contained on pages 33 to 46.</p>	<p>The Group has a comprehensive set of procedures in place to minimise adverse environmental impact, including procurement of electricity from renewable sources, third party monitoring of utility consumption and waste management.</p> <p>Procedures are in place to manage social and governance risks, many of which are covered in key risks 8, 9 and 10.</p> <p>The Group is ISO 14001 Environmental Management accredited.</p> <p>An ESG Committee that oversees improvement actions and monitors progress.</p> <p>Monthly Board updates on ESG progress.</p>	<p>Political lobbying relating to net zero has not affected the corporate drive to reach net zero.</p> <p>Whilst we continue to see increased demand for environmental data relating to product performance, this is not being translated into demand for lower-emission products as customers remain resistant to environmentally better performing products if there is a higher cost.</p>

PROSERVICE

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER,

I am pleased to be updating shareholders in my new capacity as Chairman of ProService. ProService has delivered a strong set of results despite the continuing challenging economic backdrop. The leadership team has navigated the divisional reorganisation that we announced in September 2024, whilst trading the business well and continuing to invest in our strategy.

STRATEGIC PROGRESS

In September 2024 the Board implemented the new Group structure, separating the management and trading operations of ProService and HSS Operations, now The Hire Service Company (THSC), allowing each business to pursue different but complementary growth objectives to maximise shareholder value.

The new ProService management team was put in place during the summer of 2024 with the appointment of Tom Shorten as CEO and Greig Thomas as CFO. Both Tom and Greig have been with the HSS Group for several years. Strengthening the team we also brought in a new CRO with a wealth of experience in sales and appointed experienced colleagues into the roles of CCO and HRD.

The team mobilised the trading agreement and temporary services agreement (TSA) put in place between ProService and THSC on 1 October 2024 and initiated new business processes to fulfil these agreements.

Following this transition period the team enters our new financial year with clear focus in three areas:

1. Increasing the number of buyers who are using the ProService marketplace
2. Expanding the products and services verticals available for buyers, driving total revenue
3. Developing its IT systems to allow for greater scalability

FINANCIAL PERFORMANCE

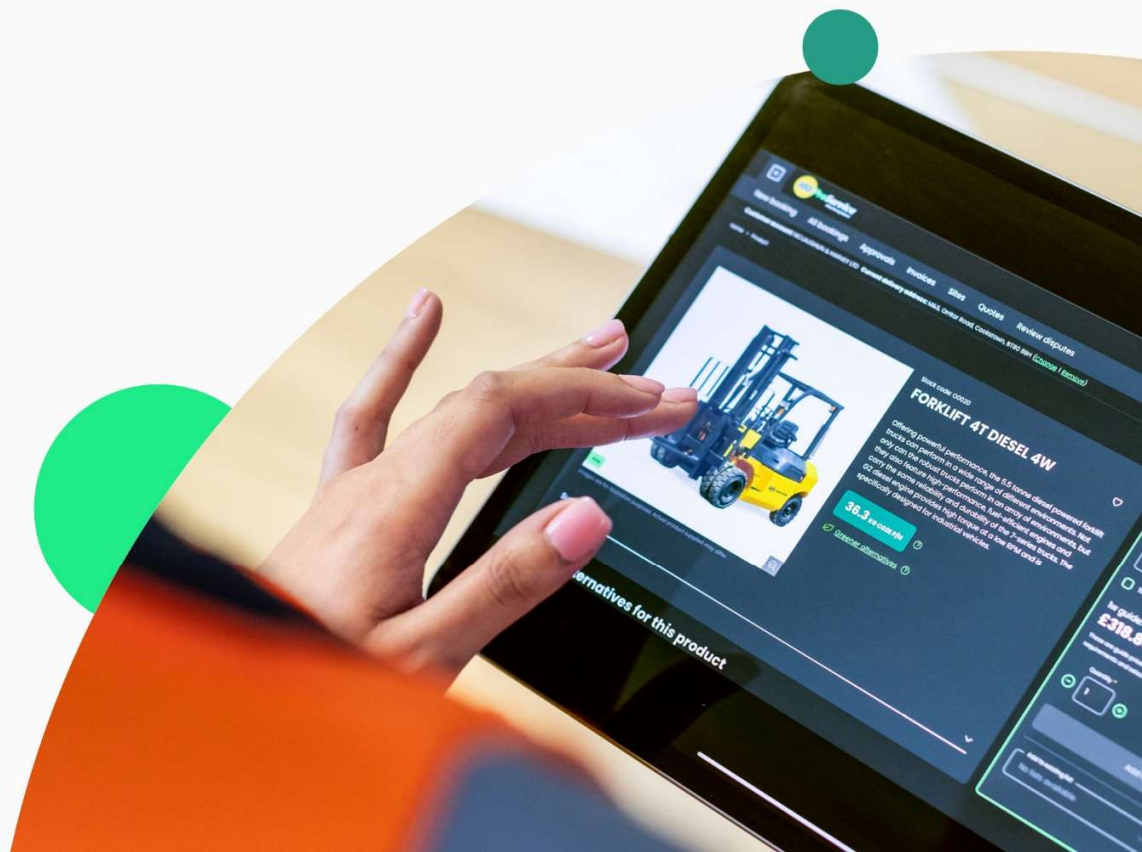
Tom Shorten provides the detail of our first six months' performance trading under our new structure, in his CEO Review on page 21. I am pleased to see the team have mobilised several new customer contracts during this period and we look forward to seeing them benefit trading over the coming six-twelve months.

OUTLOOK

We remain very well positioned to benefit from any improvement in market conditions and look forward to reporting under our new ProService focused KPIs in FY26.

Steve Ashmore

Chairman, ProService



PROSERVICE

BUSINESS AT A GLANCE

ProService operates in the £212bn building services market,¹ which principally comprises three areas of expenditure: people, materials and equipment. The supply chains in each area are highly fragmented, with over 16,000 sellers² in the materials space and over 4,300 sellers³ in equipment rental alone. In the labour market, management believe there are several thousand training organisations in the UK.⁴

Many elements of the market remain digitally immature and undifferentiated, with often complex user journeys caused by the inherently unpredictable nature of construction, repair and maintenance projects. Many areas of the market are capital intensive, with requirements to hold stock and invest in physical infrastructure. Demand for services is often highly localised, a function of the construction site location, favouring local supply and leading to a complex procurement process involving calling or emailing several sellers to find availability and leverage price. Challenges exist for sellers as well as buyers, with unpredictable local demand making it difficult to manage inventory and drive efficiency.

Each element of the market has been traditionally difficult to consolidate with suppliers struggling to differentiate. Product differentiation is challenging because of the homogeneous nature of materials (a bag of cement is a bag of cement) and to a similar extent with equipment hire (most rental companies stock the same brand of cement mixer), leaving suppliers trying to differentiate on service. This has historically been difficult because of the complex nature of the transaction and the advantage of the local supplier. The markets have therefore remained stubbornly fragmented.

At ProService we believe that the characteristics of this market are ideal for an aggregation play. Our technology platform enables us to consolidate supply on behalf of buyers aggregating both product verticals and local fulfilment on a single easy-to-use platform. On behalf of sellers, we provide a low-cost indirect route to market, offering them vast numbers of enquiries and allowing them to fulfil those that are most suited to them, driving down their cost-to-serve and increasing stock utilisation. And by matching the demand with the best-placed seller, we improve responsiveness and service levels.

ABOUT US

ProService is a market-leading marketplace for building services in the UK. It offers a one-stop shop for building-related products and services for a wide range of customers including construction companies, facilities managers and tradespeople across all end-user markets. We currently have over 7,000 active account customers and 11,000 active cash customers per month, with c.400 active sellers each month in product verticals including equipment hire, training, fuel, equipment sales and building materials. Our buyers range from large enterprises to SMEs and tradespeople. Our sellers range from national players to small local independents.

OUR PURPOSE

ProService's vision is to be the undisputed marketplace for building services in the UK, aggregating buyers and sellers across a broad range of products and services.

ProService's mission is to make it simple and seamless for buyers to hire and purchase everything they need entirely online, accessing hundreds of specialist building services sellers all in one place and with one account, giving them full control and visibility.

OUR TECHNOLOGY

Our technology platform, which we call Brenda has been developed by focusing on users' perspectives, whether buyers, sellers or ProService colleagues, with tailored interfaces for each user group that encourage self-service. The platform is engineered with scalability, robustness and maintainability at its core.

We've built our backend in Scala, leveraging the power of pure functional programming and the Cats library to ensure that every component is deterministic, testable, and reusable. This disciplined approach fosters a highly modular architecture, where business logic is composed of pure functions- maximising reliability while minimising side effects. Running on the Java Virtual Machine (JVM), our system benefits from decades of enterprise-grade performance, mature tooling, and seamless interoperability.

On the frontend, we use React and TypeScript in a headless architecture that communicates with our backend via a clean, versioned REST API. This separation enables us to iterate independently across the stack, scale teams efficiently, and support multi-tenant or white-labelled experiences. We host everything in AWS with a fully integrated CI/CD pipeline enabling rapid, safe deployments. Postgres handles transactional data, Kafka powers our event-driven workflows, and OpenSearch delivers fast, flexible search capabilities. For business intelligence and reporting, we rely on Redshift and Metabase, giving stakeholders deep insight into platform performance and user behaviour. Together, this modern, cohesive stack delivers both technical excellence and operational agility.

1 ONS UK Construction Output

2 AMA Research Builders Merchant Report UK 2021-2025

3 AMA Research Construction Equipment Rental Market Report 2024-2028

4 National Institute of Adult Continuing Education

PROSERVICE

CHIEF EXECUTIVE OFFICER'S REVIEW

I would like to thank the entire ProService team for their contribution to our results and their hard work in achieving the reorganisation over several months last year. I continue to be impressed by their dedication to our business and our shared vision.

Our financial results are explained in more detail below. We believe we are the largest digital marketplace for building services in Europe.

Over 3,200 account customers have used our self-serve marketplace with c,2,000 logging in each month. Our medium-term target is to have 7,000 customers that have self-served.

We have started the journey of product diversification and exited the period with 27% of our revenues in March 2025 generated from non-hire product categories, up from 16% in April 2024.

We currently have over 7,000 active account customers and 11,000 active cash customers per month. Average revenue per account customer (ARPC) is over £2,500, and customer churn is c4%. Over one-third of ProService orders are raised by customers themselves, on either our marketplace platform (account customers) or hss.com (cash customers). We have c. 400 active sellers each month. In due course we will be providing selected additional key performance indicators which will assist investors in understanding the performance of the ProService business.

I believe our proposition is market-leading and we are well placed to take advantage of the fragmented nature of the building services sector. We are now wholly focused on driving our marketplace measures and look forward to reporting on our progress.

Tom Shorten
Chief Executive Officer

INVESTMENT CASE

Our business model is asset-light and inherently scalable. Our potential for growth is significant given the size of our market and our technology platform, which has taken several years to develop and we believe is not easily replicated given the complexity of the service offering, particularly in relation to equipment hire. We also believe we have a head-start in terms of our network, with over 7,000 active buyers and c400 active sellers per month, and we have the critical mass to generate powerful network effects. The breadth of our supply chain provides superior availability for buyers, and as more-and-more buyers adopt our marketplace its scale becomes more attractive to sellers.

Our investment case is summarised in four elements:

- Large Building Services Market: highly fragmented, with low digital adoption and limited differentiation, well placed for digital aggregation
- Unique Proposition: omnichannel and easy, push-button technology, already scaled with circular economy dynamics and strong network effects
- Established Proprietary Technology Platform: Underpins our scalable business model and not quickly replicated
- Clear Leader and Significant Head Start: Already the largest rehire broker in Europe. Well established buyer and seller networks

PROSERVICE

FINANCIAL REVIEW

Overview

ProService has delivered a resilient set of results in a period of transformation. The business is now well positioned to deliver profitable growth from our broad range of buyers and sellers operating on what we believe to be the leading marketplace in building services.

Financial highlights

15 months to 31 March 2025:

Revenue	Underlying EBITA	Underlying EBITDA Margin
£362.8m	£13.2m	4.3%
Underlying EBITDA	Gross Profit Margin	EBITDA/Gross Profit Margin
£15.6m	22.6%	19.0%

The table below has been included to present additional financial information for HSS ProService on a different basis to the current financial period to facilitate comparability:

	Last twelve months (LTM) ending 31 March 2025			% Change	FY25 Proforma
	Oct '24 to Mar '25	Apr '24 to Sep '24	FY25 LTM Total		Total
Revenue	£130.7m	£151.3m	£282.1m	(13.6%)	£266.1m
Underlying EBITDA	£4.3m	£8.2m	£12.6m	(47.1%)	£11.0m
Underlying EBITA	£3.4m	£7.2m	£10.6m	(52.7%)	£9.3m

The operational separation of the ProService occurred on 1 October 2024. This included the reallocation of certain customers and associated costs from ProService to THSC relating primarily to non-ProService marketplace customers and also the allocation of central costs to ProService based on staff reallocations and new TSA arrangements.

The above tables include financial information prepared on two bases:

- Last Twelve Months (LTM) - The financial performance for ProService over the past 12 months, split into two 6-month periods to reflect the separation occurring on 1 October 2024.
- Proforma - The financial performance for ProService over the past 12 months assuming that the separation of the two businesses had occurred on 1 April 2024 and adjusting for the revenue and cost impact of the Business Transfer Agreement between ProService and THSC as if this occurred from 1 April 2024 rather than 1 October 2024.

This has been provided to assist in investor understanding of the performance of ProService. No comparative proforma financial information for ProService has been prepared as it was not possible to accurately calculate on an equivalent basis.

FY25 has been a year of transformation for ProService. In September 2024, the management and trading operations of ProService and THSC were separated and in the months prior to this, the current management team was appointed.

As part of the separation a significant number of customer relationships were transferred to THSC (generally, smaller non-marketplace customers), resulting in a material intra-group transfer of sales and profit allowing each business to pursue their different but complementary growth objectives. As part of the mobilisation, intercompany trading arrangements and transitional services were established, with these also implemented from 1 October 2024.

The organisational change inevitably diverted attention from trading in the short term, and this, combined with the relatively weak economic backdrop, made for difficult trading conditions throughout the period. Despite this, and thanks to the efforts of the whole team, ProService delivered a resilient set of results.

Revenue

ProService reported revenue in FY25 was £362.8m (2023: £311.0m). On an LTM basis revenue was £282.1m with the decrease of £20.6m between the first and second 6-month period reflecting both trading performance, but also the transfer of a number of customers to THSC from 1 October. On a proforma basis, revenue for the last twelve-month period to 31 March 2025 was £266.1m.

Hire-related revenue represented c.82% of total ProService revenue before rebates and other income. Our sale verticals of Equipment Sales, Building Materials and Fuel collectively provided 10% of total ProService revenues, with Training the remaining 8% of total ProService revenues. We expect to see growth in non-hire verticals outstrip that of Hire as we expand our product offering to buyers through our growing network of sellers.

Costs

Cost of sales for FY25 was £280.9m, resulting in a gross profit margin of 22.6%. (2023: £242.5m, resulting in gross profit margin of 22.0%). Whilst there is a year-on-year increase, after the separation margins reduced slightly due to the transfer of customers to THSC, but also due to mix. The margins in the new verticals of Equipment, Fuel and Building Materials are lower than Hire and Training.

Consequently, as revenue growth in new verticals outperforms Hire and Training growth this creates a change of mix resulting in slight gross profit margin reduction over time. However, as the cost to transact these new verticals is lower this should improve operating leverage overall and thus should result in rising net profit margins over time.

Indirect costs for the period were £66.3m (2023: £55.9m). The increase was driven primarily by the additional three months in the current period, however the level of indirect costs incurred are lower post separation and these more accurately reflect the go-forward costs for ProService under the Group's revised operating model.

PROSERVICE

FINANCIAL REVIEW CONTINUED

Underlying EBITDA and Underlying EBITA

Underlying EBITDA for FY25 was £15.6m (2023: £12.6m). FY25 results were an Underlying EBITDA margin of 4.3% (2023: 4.1%). EBITDA expressed as a percentage of Gross Profit, which is a useful indicator of scalable profitability, was 19.0%. On an LTM basis Underlying EBITDA was £12.6m with the change in the last six-month period reflecting a reduction in revenue transferred to THSC, a reduction in gross margin due to changing mix and increased costs relating to the separation. On a proforma basis, Underlying EBITDA was £11.0m (assuming that the separation of the ProService and THSC had occurred on 1 April 2024).

Underlying EBITA for FY25 was £13.2m (2023: £11.0m). This was after taking account of an increase in amortisation charge relating to capitalised IT costs which somewhat offset the increase in Underlying EBITA reported above. Proforma Underlying EBITA was £9.3m (assuming that the separation of the ProService and THSC had occurred on 1 April 2024).

Finance costs

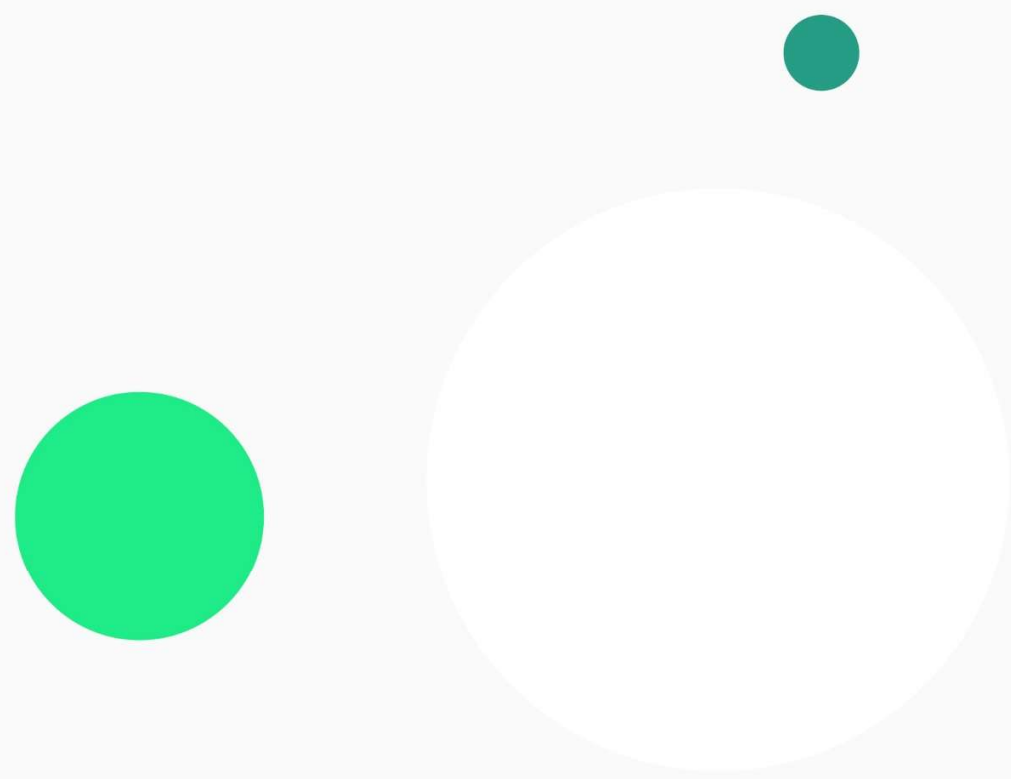
Net finance expenses of £0.4m mainly relates to the discounting on IFRS16 lease liabilities.

Capital expenditure

Additions to intangible assets, property plant and equipment and right of use assets were £5.6m in the 15 months to 31 March 2025 (2023: £9.2m). The main driver of the decrease was a reduction in the amount of capitalised development spend on our marketplace platforms, with a higher volume of spending relating to operational and maintenance activities as the platform matures. In addition, during the year we completely rebuilt the infrastructure and front end of our B2C channel HSS.com, and this was launched at the end of April 2025.

Provisions

Provisions of £0.4m (2023: £0.3m) relate to dilapidations on the handful of properties leased by ProService.



PROSERVICE PEOPLE

INTRODUCTION

As ProService continues to grow and operate more independently within the wider Group, our approach to our people has evolved too. We understand that building a successful business starts with building the right team – and that means nurturing a culture that grows with us.

Over the past year, we've focused on developing a people agenda that reflects who we are today and supports where we're heading next. As our business scales, so do our talent needs, and we're committed to attracting, developing, and retaining the kind of people who can thrive in a dynamic, fast-moving environment.

At the heart of ProService is a culture that's progressive, inclusive, and genuinely supportive; a place where people feel heard, valued, and empowered to do their best work every day.

"As ProService evolves, so does the way we support and invest in our people. We're building a culture that not only nurtures growth and belonging but also attracts bold, progressive thinkers – people who challenge convention and help drive us forward by doing things differently." – Kayleigh Wright, HR Director.

CULTURE & VALUES

As ProService continues its transition towards greater independence within the wider Group, we are actively developing a culture that reflects our strategic objectives and evolving identity. This period of transformation represents a significant opportunity to embed new ways of working that are aligned with our long-term vision. We are focused on establishing a values-driven culture that promotes accountability, agility, and collaboration across the organisation.

Central to this cultural evolution is our ambition to build a workforce that embraces change, challenges established norms, and plays a critical role in shaping and delivering the Company's strategic agenda. We are committed to fostering an environment that attracts progressive, high-performing individuals who share our forward-thinking mindset and are motivated to contribute to ProService's continued growth and success.

ENGAGEMENT

Our most recent colleague engagement results once again exceeded the national average, a clear indication that our people remain deeply connected to the purpose, values, and vision of ProService. What is particularly encouraging is that we have maintained these high levels of engagement during a period of significant change and transformation.

- 76% positive engagement score – 14% above the UK national average

Feedback from our annual engagement survey highlighted several strengths across the business. Colleagues valued the flexibility to work from home, supportive and approachable management, and clear opportunities for professional growth. Many also recognised the inclusive culture we are building, as we continue to shape our diversity strategy.

We believe that listening is only the first step – what matters most is how we act on that feedback. Insights from the annual survey are used by divisional leadership teams to shape tailored engagement strategies that address the specific needs and priorities of their teams. Additionally, our internal colleague body, ProActive, plays a vital role in turning feedback into action by helping to shape initiatives around well-being, engagement, and internal communications. This approach ensures that the voices of our colleagues directly influence the way we work and continually strengthens our culture as we grow and evolve.

Diversity

Our workforce demographics currently reflect broader industry trends, where a predominantly male workforce remains typical. However, this period of transformation has provided an important opportunity to further refine our diversity and inclusion strategy, ensuring it aligns with our evolving culture and long-term business objectives.

Over the past year, we have introduced a number of initiatives that demonstrate our commitment to creating a more inclusive and supportive environment. This includes the launch of a dedicated female mentoring scheme aimed at accelerating the development and progression of women into senior leadership roles. We have also enhanced our maternity pay policy, now offering 20 weeks of enhanced paid leave to better support colleagues during the early stages of parenthood.

Our emphasis on flexibility has continued, with an ongoing expansion of hybrid working arrangements to accommodate the diverse needs of our people. Additionally, we have strengthened our recognition of cultural diversity across the organisation by actively celebrating a broader range of cultural holidays and events – helping to foster a workplace where all individuals feel respected and represented.

PROSERVICE

PEOPLE CONTINUED

Health & Well-being

Colleague well-being remains a cornerstone of our people strategy, underpinned by three core pillars: physical, mental, and financial well-being. These focus areas are embedded across the business through dedicated workstreams and targeted initiatives designed to support the holistic well-being of our workforce.

Throughout the year, we have delivered a series of campaigns and activities aimed at improving awareness, education, and engagement around personal well-being. With a workforce spanning both hybrid and office-based colleagues at our Manchester head office, we ensure our programmes are tailored to meet the varied needs of our dynamic and diverse population. Initiatives have included physical fitness challenges, mental health awareness campaigns, combating isolation for remote-workers, and financial well-being communications, all aimed at empowering colleagues to take proactive steps in managing their well-being.

In addition, we continue to work in partnership with a range of specialist organisations and well-being experts to strengthen and expand our offering, including a dedicated Employee Assistance Programme and a dedicated colleague healthcare service offering virtual GP appointments and counselling.

Our hand-picked partnerships ensure colleagues have access to high-quality, trusted support across all aspects of their well-being journey.

Future outlook & Commitments

As we continue to shape our independent identity, one thing remains clear: our culture will be the foundation of our future success.

We remain firmly committed to listening to our colleagues and acting on their feedback. Whether through surveys, forums, or everyday conversations, we're creating a culture where voices are heard, and change is felt. This commitment helps us stay responsive, inclusive, and aligned with the needs of those who make our business what it is.

At the same time, we are focused on attracting and retaining key talent. We're building a reputation as a progressive employer of choice—where people come not only to work, but to thrive. Our environment is one where forward-thinkers and disrupters are empowered to innovate, challenge convention, and shape the future of the organisation.

HSS: THE HIRE SERVICE COMPANY

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER,

I am pleased to be updating shareholders in my capacity as Chairman of HSS The Hire Service Company ("THSC"). THSC has progressed its strategic aims well in their first six months of trading since we announced the divisional reorganisation in September 2024, despite the continuing challenging economic backdrop. The leadership team have driven the creation of the new brand, developing the route to market, whilst continuing to operate nationally and meeting the needs of our customers.

STRATEGIC PROGRESS

In September 2024 the Board implemented the new Group structure, separating the management and trading operations of ProService and HSS Operations, now THSC, allowing each business to pursue different but complementary growth objectives to maximise shareholder value.

The new THSC management team was put in place during the summer of 2024 with the appointment of Jon Overman as CEO and Mark Browning as CFO. Jon has been with the HSS Group for 26 years covering several leadership roles. Mark joined in July 2024 bringing ten years of experience from senior finance roles. The full management team includes the long-standing COO Miguel Vicos as well as appointing experienced colleagues into the roles of ITD and HRD. As part of the transition to the new strategy the business recruited an experienced sales director to add to the internal appointments for MDs of the north and south regions.

The team mobilised the commercial trading agreement and temporary services agreement (TSA) put in place between ProService and THSC on 1 October 2024 and developed further business processes to fulfil these agreements.

Following this transition period the team enter our new financial year with clear focus in three areas:

1. Growing the customer base served directly by THSC.
2. Driving efficiencies into the operational parts of the business through development of systems and processes.
3. Providing highest levels of service to our customers.

FINANCIAL PERFORMANCE

The CEO's report will provide details of the strategic and operational successes for THSC during the period on page 28. The Financial Review will cover the detail of our first six months' performance trading as THSC on page 29. Following the delivery of a network restructure during the period, THSC is well positioned and we look forward to seeing them continue to drive their independence over the coming six-twelve months.

OUTLOOK

We are ideally positioned to capitalise on the strong relationship with ProService, whilst driving the sales to our own customers reducing the overall reliance on the intra-group trade. We eagerly anticipate sharing our strategic plan at the upcoming Capital Markets Day later this year.

Alan Peterson OBE

Chairman, HSS The Hire Service Company



HSS: THE HIRE SERVICE COMPANY

BUSINESS AT A GLANCE

HSS The Hire Service Company operates within the UK tool and plant hire market which is a vital component of the construction and infrastructure ecosystem, with a combined estimated value of around £9 billion in 2025. This market includes a wide range of rental services, from small tools and power equipment to large-scale plant machinery such as excavators, cranes, and earthmoving equipment. THSC focuses on the small tools and power equipment areas of this, with particular focus on access, powered access and specialist lifting equipment and are well represented across all parts of the sector, residential and commercial construction, infrastructure projects, and facilities management.

The market is extremely reliant on the availability of capital to invest in physical assets as well as the logistics of moving those assets to the demand density. Demand for services is often highly localised, a function of the construction site location, favouring local supply and pressurised logistics. THSC's focus on local business from its merchant networks and distribution centres aligns with this market dynamic.

At THSC we believe that large portions of the market continue to value the service element of our offering. We support our customers in ensuring they have the right equipment for the work they are doing, providing a reliable customer service across all areas from ordering whether over the phone, on email or face to face, to interactions on the ground with the distribution teams. We believe relationships form the basis for the market.

ABOUT US

HSS The Hire Service Company is a UK-based tool and equipment hire company, established in 1957. The Company provides building-related tools, equipment, and powered access throughout the UK. THSC serves over 9,500 end-customers, including tradespeople, facilities management, and construction companies in various markets.

OUR APPROACH

HSS The Hire Service Company is all about people dealing with people. We're dedicated to delivering a personable 'hire service' and to being a great place for customers to hire from, as well as a great place for colleagues to work. We work in partnership with our customers to help them get jobs done safely, efficiently and economically, combining the scale and scope of a big national business with the personal friendly feel of a local independent. We are also active champions of the hire industry and construction sector, and we're committed to having a positive impact in our local communities.

OUR NETWORK

THSC has a huge depth and breadth in an equipment fleet of more than 2,000 product lines across core categories including access, powered access, diggers and dumpers, breaking, cutting, lifting, power, lighting and temperature control. Our equipment is all well maintained and compliant, serviced by our in-house team of engineers and we continue to invest in our kit to ensure availability in response to market demand. We work with a trusted supply chain of over 600 partners and manufacturers to offer larger scale and specialist items.

Our extensive nationwide network of over 130 UK locations – including 21 strategically located large distribution centres that run our vehicles and house our engineering services – and 500+ delivery fleet means that we can get equipment to our customers when and where they need it. We have proactively partnered with local builders merchants nationwide, ensuring convenient easy access to our equipment - and associated materials through the merchants – for customers all around the country.

We have over 800 colleagues in local branches, engineering and transport as well as dedicated account managers and hands-on support roles, who all care about what they do and are empowered to make things happen. We are proud to be accredited with and work to a wide range of industry recognised health and safety, environmental, IT and fleet certifications.



HSS: THE HIRE SERVICE COMPANY

CHIEF EXECUTIVE'S REVIEW

I am pleased to report my first results as CEO of THSC. Firstly, it has taken a huge effort from everyone in THSC to change the way they have been working and build out the new processes required to run as an independent business and I would like to thank all the people across the organisation for their contribution to making this a successful transition. I have always been impressed by the versatility of the people within the core HSS business and over the last six months they have shown their commitment to our combined vision for the future of THSC.

Operationally, the business has continued to work in a safe manner and with 7 RIDDORs (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) and 18 LTIs (Lost Time Injury) which compare well to market safety measures.

We have taken steps to right size the business and to develop our own sales channels separate to ProService. This has led to the decision to close certain subscale depots and focus our revised network closer to the depots.

We now have 4,000 customers trading directly with THSC and continue to build this route to market through our 114 builders merchant desks and 21 CDC counters.

We have targeted increasing our revenues from customers other than ProService and whilst in 2023 well over 90% of revenue was from ProService by March 2025 this had reduced to 67% and continues to reduce as we grow our other channels to market. We have added new product ranges towards the end of the year with a return to the inclusion of a range of new small plant and M&E equipment within our core offering. These will provide further momentum to the diversification of the customer base.

Average Order Values (AOV) has improved from £207 in September 2024 to £237 in March 2025 and average hire duration has increased 2.1% over that same period.

Jon Overman
Chief Executive Officer

INVESTMENT CASE

Investment case

With an efficient and widespread distribution network and key partnerships with a number of builders' merchants we are well placed to meet the needs of the whole market. We are a key supplier to the ProService business but are expanding our own route to markets, which we expect will reduce the overall reliance on ProService over time.

Our investment case is summarised in four key factors:

- Market for Hire: the spend on infrastructure and both residential and commercial projects provides market indicators for hire.
- Distribution network: Our distribution network is significant with a national coverage and high performing depots and an expanding network of builders' merchants as well as a direct sales force operating regionally.
- Product range: Our product range covers a wide range of the market needs and the mix has been shifted to focus on higher utilisation products over recent years.
- People: our leadership team has significant tenure in the hire industry and within HSS which is also reflected in the operational levels, bringing best practice across the entire estate to drive profitability.



HSS: THE HIRE SERVICE COMPANY

FINANCIAL REVIEW

Overview

In a period marked by significant change, THSC has done well to progress its strategic aims. The Company is now strongly positioned to drive profitable growth, leveraging its diverse product portfolio and extensive distribution network.

Financial highlights

15 months to 31 March 2025:

Revenue **£132.1m** Underlying EBITA **(£3.6m)** Underlying EBITDA Margin **28.7%**

Underlying EBITDA
£37.9m

The table below has been included to present additional financial information for HSS THSC on a different basis to the current financial period to facilitate comparability:

	Last twelve months (LTM) ending 31 March 2025			% Change	FY25 Proforma
	Oct '24 to Mar '25	Apr '24 to Sep '24	FY25 LTM Total		Total
Revenue	£56.6m	£50.6m	£107.2m	11.9%	£116.7m
Underlying EBITDA	£12.9m	£15.9m	£28.7m	(18.8%)	£30.2m
Underlying EBITA	(£3.4m)	(£0.8m)	(£4.2m)	(316.8%)	(£2.8m)

The operational separation of THSC occurred on 1 October 2024. This included the reallocation of certain customers and associated costs from ProService to THSC relating primarily to non-ProService marketplace customers and also the allocation of central costs to THSC based on staff reallocations and new TSA arrangements.

The above tables include financial information prepared on two bases:

- Last Twelve Months (LTM) - The financial performance for THSC over the past 12 months, split into two 6-month periods to reflect the separation occurring on 1 October 2024.
- Proforma - The financial performance for THSC over the past 12 months assuming that the separation of the two businesses had occurred on 1 April 2024 and adjusting for the revenue and cost impact of the Business Transfer Agreement between ProService and THSC as if this occurred from 1 April 2024 rather than 1 October 2024.

This has been provided to assist in investor understanding of the performance of THSC. No comparative proforma financial information for THSC has been prepared as it was not possible to accurately calculate on an equivalent basis.

FY25 has been a period of transition for THSC, starting the year as the operational arm of the Group fully reliant on intercompany trade with ProService and moving to a standalone business trading both with ProService and directly with its own external customer base. On 1 October 2024, the management and trading operations of ProService and The Hire Service Company were separated and in the months prior to this, the current management team was appointed.

As part of the separation a significant number of customer relationships and associated costs to service these customers were transferred to THSC from ProService, in parallel with the creation of the new trading name THSC. This change allows each business to pursue their different but complementary growth objectives. As part of the separation, intercompany trading arrangements and transitional services were established, with these implemented from the 1 October 2024.

The organisational changes naturally drew focus away from trading in the short term, and when combined with a subdued economic environment, created challenging conditions during the final six months of the period.

Revenue

THSC reported revenue in the period was £132.1m (2023: £109.4m). On an LTM basis revenue was £107.2m, with an increase of £6.0m between the first six months and second six months of the LTM period reflecting both trading performance including new direct channel sales initiatives but also the transfer of a number of customers to THSC from 1 October 2025. On a proforma basis revenue was £116.7m (assuming the separation of THSC had occurred on 1 April 2024).

Core hire revenue was £122.3m representing 92% of revenue with the balance attributed to rehire (through ProService) (3%) and resale (5%). We continue to focus on driving our own customer strategy and investing in further complementary product ranges, which in turn is expected to drive cross-selling for other revenue streams as we build deeper customer relationships.

Costs

Our cost of sales, distribution and stock maintenance costs for the period were £49.0m before inclusion of depreciation, resulting in a contribution margin of 62.9% (2023: 68.2%). The decrease was driven by an increase in the post-separation rehire revenue at a much lower margin than core hire together with associated distribution costs. We have continued to focus on cost saving in the indirect costs bases and rationalise the network to provide a stable cost base from which to provide future EBITDA growth.

Indirect costs (excluding depreciation and amortisation) for the period totalled £45.2m (2023: £30.8m).

Underlying EBITDA and Underlying EBITA

Underlying EBITDA for the period was £37.9m (2023: £43.7m) and in the current period Underlying EBITDA margin was 28.7% (2023: 40.0%). On an LTM basis, Underlying EBITDA was £28.7m with the £12.9m in the second six-month portion of the period reflecting the positive contribution from revenue from customers transferred from ProService on 1 October 2024, offset by a decline relating to the restructuring from October 2024 and increased costs relating to the separation. On a Proforma basis Underlying EBITDA was £30.2m (which assumes the transfer to THSC had occurred on 1 April 2024).

HSS: THE HIRE SERVICE COMPANY

FINANCIAL REVIEW CONTINUED

The decrease from 2023 reflects the change to the operating model, which includes a higher mix of lower margin revenue lines like rehire, alongside the increased indirect costs assumed from ProService to manage the builders' merchant locations.

Underlying EBITA for the period was a loss of £3.6m (2023: £12.3m). The loss was a result of higher depreciation on property leases and expanded hire stock and a higher cost base following separation and the impact of lower Underlying EBITDA. On a proforma basis Underlying EBITA was a loss of £2.8m. (assuming the separation of THSC had occurred on 1 April 2024).

Impairment of tangible and intangible assets

The division recognised an impairment charge of £113.5m, first against allocated goodwill of £64.3m and software of £3.5m, then allocated pro-rata amongst the tangible assets of the CGU for a total of £45.7m impairment of tangible assets including right of use assets.

The impairment charge was driven by challenging trading conditions experienced during the reporting period continuing after the period end necessitating a downwards revision of the forecasts for the CGU. The outcome of the strategic review of THSC has been announced with these results and is discussed in more detail in note 34 to the consolidated financial statements.

Finance costs

Net finance expense of £5.5m (including non-underlying items) mainly reflects the unwinding of discounting on IFRS16 lease liabilities across properties, vehicles and some hire stock assets. Additionally, £1.1m relates to the interest on hire purchase arrangements secured against specific items of hire stock.

Capital allocation

Our objective is to create a sustainable business by strengthening our direct routes to market, thereby reducing our dependency on ProService as our major customer. To support this strategy, whilst we have continued to be cautious about the overall level of capital investment in our hire fleet overall, we will continue to invest selectively in certain areas of our hire fleet where possible to enhance the breadth and quality of service we offer our customers.

Capital expenditure

Additions to hire fleet assets, property plant and equipment and right of use assets were £46.8m in the period (2023: £41.2m). The main driver of the increase is the additional three-month period. The reduction in the average monthly investment in the hire fleet is due to the reduction in the size of the network and allowed for consolidation of our stock lines, aimed at creating greater efficiency and improved utilisation of the products.

Provisions

Provisions of £9.8m (2023: £17.5m) relate mainly to dilapidations on the leased properties with the reduction due to the reduction in size of the estate and settlements on closed sites in the period.



HSS: THE HIRE SERVICE COMPANY

OUR PEOPLE

INTRODUCTION

September saw the commencement of the final stages of the strategic changes made to separate both businesses and was the beginning of our journey as THSC as an independent business. We are comprised of all the physical locations, including branches, merchants and DC's, as well as all core kit, transport and engineering.

Work began on transitioning merchant locations to joint operations, resulting in the transfer of 180 colleagues and 104 locations in October. Scotland and Northern Ireland followed in November, with 21 colleagues and 12 merchants moving.

We then had to make the tough decision to close some of our lower-utilisation outer-lying locations and create a new structure combining merchants and operations in our new Branch Director model.

CULTURE AND VALUES

Our people provide us with a big national business with a friendly local feel...

- Local traders with the support, fleet and distribution network of a national.
- Friendly colleagues in local branches building great relationships with local customers and communities.
- A great team with a genuine community feel where we care about each other and our customers.

OUR PEOPLE PROMISE

We understood that our colleagues would be pivotal to our success, and we wanted to create a place where people love to work, in a community where they have the skills and support, they need to flourish. We wanted to give them reasons to stay, we would do this by:

- Driving strong leadership & development with our Branch Director and Rising Stars programmes.
- Attracting high performing people and nurturing our own talent by creating an environment where colleagues want to thrive
- Creating a community culture by being involved, rewarding loyalty and supporting colleague wellbeing.
- Providing routes to say 'thank you' for a job well done and rewarding colleagues who go the extra mile, with rewards and other forms of recognition.
- We made a promise to: improve colleague benefits, improve long service awards and create a new charity lottery, aimed at improving uptake in our "Pennies from Heaven" programme.

Our values strive to reflect this culture, with people and safety at the core and driving growth and performance as the long-term vision of THSC.

KEY PEOPLE AREAS

INTRODUCTION & DEVELOPMENT OF OUR NEW BRANCH DIRECTORS

Following our network reorganisation in December, we appointed 20 Branch Directors. To support their transition into these new roles, each was paired with a senior leadership team mentor. This structured initiative provides guidance, insights, and a sounding board to help them achieve their personal and professional goals. It is supported by a clear plan for practical training and development, based on a competency framework covering technical knowledge and leadership behaviours. A tailored development plan is in place, with a Leadership Programme scheduled for FY26 to address identified growth areas.

COLLEAGUE DEVELOPMENT

Colleague development remains central to our people strategy. Last year, we expanded the success of our Rising Stars and LEAD programmes, with colleagues from various roles participating. These initiatives have become key drivers of internal promotion, equipping colleagues with the people skills needed for growth in current or future roles. We also invested significantly in systems training, including workshops and video modules. Our new L&D Spotlight series – short, focused videos – offers accessible learning on any platform.

With our expanding kit range, nearly 150 colleagues have been trained in safely loading and unloading diggers and 1.5 ton dumpers, while several engineers have been trained to PDI them.

STATISTICS

1146 face-to-face training courses delivered for colleagues this year which is over 18,000 hours of learning.

19 THSC colleagues on apprenticeship programmes ranging from level 3 to level 6 and including topics such as Apprentice Engineering, Project Management Degree, Team Leader, Safety Health and Environment & Data Technician.

We also offer a wide range of both entry-level and professional apprenticeships to support colleagues' ongoing development and have recently added 'Women in Leadership and Management' as a new course.

Driver Focused Training:

- 263 drivers received CPC training
- 76 drivers received FORS Silver SKUD training
- 79 drivers received FORS Gold training
- 14,422 E-learning modules completed during 2024

HSS: THE HIRE SERVICE COMPANY

OUR PEOPLE CONTINUED

COLLEAGUE ENGAGEMENT

Our annual engagement survey remains a vital driver of activity across THSC. In 2024, we achieved a 64% response rate, with a strong engagement index of 74% - well above the national average of 62%. These results inform action plans across the business.

- Emotional engagement (how colleagues feel): 74%
- Rational engagement (how colleagues think): 71%
- Motivational engagement (what colleagues do): 78%

We also launched new engagement initiatives, including enhanced long-service awards, a monthly lottery for Pennies from Heaven donors, birthday leave, and a Christmas bonus. Our well-established Love Your Colleague campaign continues to celebrate peer support.

COMMUNITY AND CHARITIES

We're proud to support our local communities and good causes. We believe in being a good neighbour and making a positive impact where we operate. Our involvement spans careers talks at schools, recruitment fairs, free equipment for community projects, and sponsorship of grassroots sports teams—building strong local connections and giving back meaningfully.

We've helped refurbish a sports hall, provided kit to a children's football team, and supported DIY SOS episodes. Our community efforts are expanding to be more proactive across all regions. Colleagues can donate spare salary change monthly, and following a relaunch, uptake has grown. We're now exploring ways to support more personal charity choices.

HEALTH & WELL-BEING

Colleagues' health and well-being remains a top priority. We continue to promote a zero-tolerance culture around H&S breaches and encourage colleagues to challenge unsafe behaviours confidently.

Well-being Wednesdays gained momentum this year, with managers leading local initiatives to create a more colleague-focused culture. This includes healthy food options and fun activities. Supporting documents are shared widely, and we regularly highlight our partnerships with WeCare, Healthshields, and the health benefits available through MyDiscounts.

We remain focused on our three well-being pillars: mental, physical, and financial. A growing programme of communications and activities supports colleagues year-round. EAP reporting provides real-time insights into colleague concerns, which we address through targeted comms and initiatives like Well-being Wednesday.

We now have 25 Mental Health First Aiders (MHFAs) and continue to signpost colleagues to them through communications, training, and the HSS World Health & Well-being platform.

EQUALITY, DIVERSITY & INCLUSION

Throughout 2024, we continued to develop our ED&I strategy. We partnered with Build UK's 'Open Doors' for the third year, hosting open days at eight locations in March. This initiative supports our goal of inspiring young people to consider careers in tool hire, and we take a proactive, multi-channel approach to recruitment.

Our 'Aim Hire' programme engages diverse populations, including 30 colleagues who joined us through temporary license or post-prison release. We work with general and specialist recruitment agencies and attend local fairs to encourage people back into employment. We also collaborate with colleges and apprenticeship providers to offer work experience to students.

We offer ROTL roles to serving prisoners and are expanding this to include more female prisons. We've built relationships with charities like Beating Time and Working Chance to support ex-offenders. As part of the Armed Forces Covenant, we share opportunities with military organisations.

We partnered with Ambitious about Autism at our Reading depot, providing manager training to support neurodivergent young people. We recruit for attitude and train for skills, offering mentorship and development to ensure colleagues gain the capabilities needed to succeed.

GENDER SPLIT - HER HIRE NETWORK

This year we are particularly proud to have launched our 'Her Hire Network', a group for women at THSC to provide support for each other, attract more women to the industry and promote equality. We are excited to see what impact this has and how it evolves.

THSC has a mission to improve the gender mix across all functions and continuing to ensure that all colleagues can bring their true selves to work. We want to improve on our 11% females year on year with the help of our network as we meet and communicate regularly and have agreed a number of principles as part of our pledge.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change presents one of the most pressing challenges of modern times. Rising temperatures are fuelling environmental degradation, natural disasters, weather extremes, food and water insecurity, and economic disruption. It is clear that business as usual is not good enough.

HSS is committed to Climate-related Financial Disclosures (CFD) as set out in the UK Government 2022 regulations. We aim to be transparent to all our stakeholders on the risks we face and the way we strive to mitigate them. Using this format enables us to explain the process for responding to these challenges in a purposeful and comparable context. We have contracted the expertise of an independent ESG consultancy to aid us in our journey, as we continue to develop the methodology and coverage for targets and monitoring of risks and adaptation measures, as per our 2023 roadmap and onwards.

In this, our third disclosure based on the principles of TCFD, we are embedding climate-related considerations into our operations, under the management of our Board and the Executive Management Teams (EMTs). The report spans TCFD's four key elements: Governance, Strategy, Risk Management, and Metrics and Targets. This year, we have undertaken a range of activities that have strengthened our understanding and management of climate-related issues. Some of these activities include establishing processes and structures that align our climate governance to the TCFD recommendations, undertaking a scenario analysis of HSS sector and services to identify climate-related financial risks and opportunities and disclosing our broader carbon commitments.

While climate change is often viewed as a major risk, there is also business opportunity. The low-carbon transition creates opportunities for efficiency, innovation and growth. Our key strategic priorities are focused on the decarbonisation of our equipment fleet and collaborating with our suppliers to promote innovation and develop low-emissions technology.

PLANNED IMPROVEMENTS TO CLIMATE-RELATED FINANCIAL MANAGEMENT IN 2025/26

We recognise that the management of climate change within a business is a relatively new practice globally, and integrating the financial impact of climate change on our business strategy will continually evolve. That is why at HSS we look to continuously improve our practices and capabilities; hence going forward we will undertake the following key actions, with the outputs integrated into our annual management accounts:

Review capabilities of governance and a more detailed gap analysis of ESG and climate change impacts on the business model.

Undertake further climate workshops with key HSS executives and cross-functions to validate the risks and opportunities of climate change on HSS's business model and strategy (short, medium and long term).

Develop and evolve a more detailed sector narrative on HSS's climate change.

Conduct a thorough socio-economic and physical modelling of HSS business. This would include selecting a relevant Impact Assessment Model and scenarios (e.g. NGFS, GCAM 5.3+ Net Zero Orderly, etc.).

These parameters would then be inputted into the financial model of the HSS business to identify the maximum financial impact for each scenario (Orderly, Disorderly and Hot House World) – this would include GDP, inflation, interest rate and any other key drivers (e.g. construction industry).

Focus on an assurance procedure for our risk management framework.

Review and update the targets and metrics for climate change management based on the above.

GOVERNANCE

At HSS, we recognise that investors, consumers and the public are increasingly demanding more transparency on how companies are governed. This is especially the case when it comes to climate change, with a clear and scientifically supported consensus on the threat posed by a warming planet and a strong enthusiasm for the business community to step up and do its part. The targets and actions detailed here provide clarity on the steps HSS is taking within the organisation to respond to the climate emergency. During 2022 we integrated climate risk into our business model, ensuring that we have in place a strong and resilient corporate governance regime. A detailed overview of the governance structure for ESG and climate-related touchpoints across HSS are on page 35, and Managing Climate Change Risks and Opportunities are on page 39.

Board leadership

HSS has embedded oversight of climate-related risks at the highest level of our company. The Board is accountable for assessing and managing climate-related risks and opportunities, supported by the EMTs and the Risk and Assurance Director. This reflects the urgency with which we believe the climate emergency should be addressed, and also the emphasis that we have placed on tackling it. This approach ensures that the implications of climate-related risks and opportunities are considered in all of our decision making, strategic planning and business continuity plans. Ultimately, whenever the Board or the Board committees meet, climate change is a standing agenda item. This includes periodic quarterly reviews of the performance of the Company's climate metrics and targets, which the CEO is responsible and accountable for.

Board committees

To support the Board in addressing climate impacts, HSS will utilise its various Board committees to support the gathering of information and data. The Audit Committee will provide oversight to climate-related risks using current climate data and associated financial data, for example data to support the financial implications of climate risks and opportunities. We have added the various elements of climate risk into key risk 11 as on page 18, but in the future the various elements may either be integrated into our other principal key risk areas or added to a specific climate risk register as appropriate.

HSS's Remuneration Committee ensures that climate targets are embedded into our incentivisation scheme. This started in FY23 to include specific climate targets and goals in the management's incentivisation model and setting clear KPIs that impact executive compensation, promoting and rewarding sustainable value creation.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Management-level Oversight

The EMTs have overall responsibility for handling day-to-day risk management. The Group's risk register is maintained by HSS's Risk and Assurance Director and is reviewed on a quarterly basis, enabling the EMTs to advise the Board on how the Company should adapt its business strategy by considering climate change risks and opportunities, following the identification of these by the ESG Committee.

EMBEDDING ESG GOVERNANCE THROUGHOUT THE GROUP

ESG governance is owned and steered by the Plc Board and HSS EMTs with the support of two dedicated teams, the HSS ESG Forum and the HSS ESG Committee, and specialist partners Sustainable Advantage.

HSS PLC BOARD

STEERING

REPORTS PROGRESS

HSS EXECUTIVE MANAGEMENT TEAM

Sets strategy and objectives for organisation

ESG GOVERNANCE 2024

REPORTS PROGRESS

DIRECTS

ESG COMMITTEE

Implements strategy and reports on progress

COMMUNICATES

CROSS-FUNCTIONAL EXPERTISE

Material ESG and climate change issues are identified in our governance

INFORMS

ESG COMMITTEE (ESGC)

The ESGC's overarching purpose is to ensure that HSS delivers on its ESG-related improvement commitments and to report monthly on the Group's progress against these commitments. This Committee identifies the climate-related risks and opportunities and integrates these into the Group's risk register for the EMTs to review and advise the Board on. For example, the identification of the opportunity to 'increase in demand for climate change-related infrastructure equipment' was identified, with the potential impact assessed for the EMTs to review and advise the Board on: see page 18 for summary of key risks and opportunities. The data came from two sources:

1. Initially, recommendations from the Sustainable Advantage ESG Review (December 2021) and now the annual audits.
2. Recommendations made by the monthly ESG Forum chaired by the CEO (established Q1 2022).

Note: we will consider the findings of our materiality assessment and on an ongoing basis will engage with stakeholders to capture their ESG-related requirements.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

CLIMATE-RELATED GOVERNANCE

The following table provides an overview of the ESG and climate-related governance touchpoints across HSS.

	BOARD OF DIRECTORS		
THE BOARD	<p>Frequency: MONTHLY Purpose and responsibilities related to climate-related issues:</p>	<p>Climate-related agenda frequency: QUARTERLY</p> <ul style="list-style-type: none"> Oversees the Group's overall net zero and sustainability approach. Responsible and accountable for the Net Zero pathway, sign-off by the SBTi, ESG strategy and communication to all staff once a year. Sets overall risk appetite. Accountable for climate-related issues within the organisation, considering impact on business strategy, reviewing material related to climate-related risks and approving any changes that are included in the Board pack on quarterly basis. 	
	AUDIT COMMITTEE	REMUNERATION COMMITTEE	
BOARD SUB-COMMITTEES	<p>Frequency: QUARTERLY Purpose and responsibilities related to climate-related issues:</p>	<p>Climate-related agenda frequency: QUARTERLY</p> <ul style="list-style-type: none"> Monitors the effectiveness of risk management and the control environment, reviewing and requesting detailed analysis on emerging risk areas, and directing and reviewing independent assurance. Review of 11 risks across the business, (ESG including climate change is one of these). 	<p>Embeds climate-related incentives into remuneration for senior leadership.</p>
	EXECUTIVE MANAGEMENT TEAM		
OPERATIONAL COMMITTEES	<p>Frequency: MONTHLY Purpose and responsibilities related to climate-related issues:</p>	<p>Climate-related agenda frequency: MONTHLY</p> <ul style="list-style-type: none"> Ensures effective input into the risk and climate change registers, setting the risk framework. Discussion of Board paper related to the above points (e.g. sustainability strategy). Overall responsibility for handling day-to-day risk management. Monitoring – The ESG Director reports and meets with the EMTs monthly to review the findings of risk-based assurance activity. Risk-based assurance work is then reported to the Audit Committee on a quarterly basis for review. HSS's Risk and Assurance Director maintains the Group's risk register which is reviewed in detail by the EMTs on a quarterly basis, with changes to the risk landscape, assessment and mitigating actions agreed. 	
	ESG COMMITTEE		
ESG OPERATIONS	<p>Frequency: QUARTERLY Purpose and responsibilities related to climate-related issues:</p>	<p>Climate-related agenda frequency: MONTHLY</p> <ul style="list-style-type: none"> Monitors trends and developments, identifies ESG risks and initiatives and advises the Group Board on any required changes to the Group's ESG strategies, goals and commitments. Oversees and advises on environmental and social risks with a focus on climate risks and opportunities. Advises on targets related to carbon emissions and offsetting. Cross-functional expertise for the development of our ESG approach to ensure optimal outcomes for all stakeholders. 	

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

RISK MANAGEMENT PROCESS FOR CLIMATE CHANGE

Our approach to managing material climate risks and opportunities is continuously evolving. Our initial approach was predominantly based on a literature review and internal engagement with the EMT to identify potential risks and opportunities as outlined in the following sections. The EMT was then surveyed to prioritise and identify the likelihood and financial impact on the HSS business model.

We then undertook a strategic analysis through a workshop and then included the results of the stakeholder workshop in our results.

We recognise the need to improve our EMT's capability on climate change; therefore we will provide training to our senior leadership team to support our business' understanding of the management of climate-related risks and opportunities. Training will also be extended to those assessing risks to ensure a better understanding of risks, impacts and methods that can be used to mitigate or reduce the remaining residual risks.

Identification of strategic climate change risks and opportunities

Desk-based research

Extensive literature review of how the sector will change over time based on different climate scenarios and potential risks and opportunities.

These two steps will be undertaken within the next year, to further enhance our climate risk management, based on advice from external consultants to improve robustness.

Strategic analysis

Understanding market features of our sector to identify the climate risks/opportunities that impact the key factors of our business model.

Identification

From market features, identify climate risks and opportunities across our value chain and business model, given our current strategy over short (0- 2yrs), medium (3-5yrs) and long (5-10yrs) term.

Survey prioritisation

Cross-functional strategic stakeholders surveyed to prioritise climate risks and opportunities based on impact and likelihood.

Analysis

Using current risk management framework with our cross-functional Directors (ESG, Risk and Assurance, Strategy) link risks and opportunities to revenues, costs, assets and liabilities.

Continuous review and monitoring

Integrate the risks and opportunities into our business strategy and risk management approach – iterate accordingly.

CLIMATE SCENARIO ANALYSIS

NGFS scenarios framework in Phase IV

We have undertaken our scenario analysis using the globally accepted climate models produced by the Network of Central Banks and Supervisors for Greening Financial Systems (NGFS). The NGFS framework provides a set of harmonised transition pathways that define policy, regulation and action around the decarbonisation transition and resultant global climate.

They are hypothetical constructs used to highlight critical strategic thinking rather than accurate predictions or forecasts. They represent bookends of plausible futures, not necessarily the most probable or desirable outcomes, and can be used to explore alternatives to current perspectives of 'business as usual', considering climate-related drivers, risks and opportunities.

For the transition risks and opportunities, we have used the two scenarios as below. These were chosen based on the Paris Climate Agreement pathway (<2°C) and a 'business as usual' scenario where temperatures are likely to continue on their current trajectory (>3°C) as a stress-test.

Orderly Transition scenario

Lower physical risks and moderated transition risks. This pathway assumes that global climate action begins quickly, investment is upfront and with relatively little regional variation. These were chosen based on Paris Climate Agreement pathway (<2°C) and a 'business as usual' scenario where temperatures are likely to continue on their current trajectory (>3°C) as a stress-test.

Hot House World scenario

The pathway assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts such as sea-level rise.

BUSINESS ASSUMPTIONS

Business assumptions used in our analysis

As part of these climate scenarios we have assumed some key features across our scenarios; these include, but not limited to the following:

- Landlord contracts have a degree of flexibility (not tied into long-term leases).
- Multiple suppliers for same business stream.
- Proactive management of our asset base.
- Second-hand market for old fleet still exists.
- Expansion of our greener offerings.
- Construction market strength continues to grow in our service areas.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

MANAGING CLIMATE CHANGE RISKS

Our EMT previously emphasised the importance of strengthening our risk management approach in relation to broader ESG risks. We have introduced initiatives over the past few years seeking to manage these ESG-related risks and opportunities. For example, we have undertaken a full net zero and glide-path assessment with a target date of 2040, used renewable energy in our operations wherever possible, increased supply chain engagement and reduced carbon emissions on a like-for-like basis.

Integrating climate risk management into business as usual (BAU)

- The Risk and Assurance Director (RAD) is responsible for the risk management framework and risk register. Risks are clearly described, impacts are considered, and controls or mitigation processes are suggested.
- The ESG Director (ESG-D) reports and meets with the EMTs monthly to review the findings of risk-based assurance activity. The ESG-D then formally reviews the risk register with the RAD quarterly, which, is then reported to the Audit Committee for review.
- In addition to the process above, we have undertaken surveys across our key functions informed by external sustainability consultants to determine the most material climate risks and opportunities, in collaboration with our EMTs.
- Managing climate change risks and opportunities

MANAGING CLIMATE CHANGE RISKS AND OPPORTUNITIES

HSS lines of defence

In addition to the strong risk management framework, we have embedded risk management into our culture through HSS values, which are vital in us achieving our strategy as well as mitigating the risks associated with it. The approach below shows our three lines of defence and how climate change is integrated into this approach.

3

INTERNAL AUDIT AND ASSURANCE FUNCTIONS

- The ESG Director reports and meets with the EMTs monthly to review the findings of risk-based assurance activity. Risk-based assurance work is then reported to the Audit Committee on a quarterly basis for review. Risks are clearly described, impacts are considered, and controls or mitigation processes are suggested.

2

SPECIALISED OR SPECIFIC FUNCTIONS THAT OVERSEE RISK, E.G. HSEQ AND REHIRE SUPPLY CHAIN AUDIT

- Climate-related risks are integrated in our BAU risk management approach and activities, where risks are identified through a variety of sources, both internal and external, to ensure that developing risk themes are considered. Management identifies the controls in place for each risk and assesses the impact and likelihood of the risk occurring, taking into account the effect of these controls, with the result being the residual risk (see page 18 for frequency of risk identification).

1

FUNCTIONS THAT OWN AND MANAGE RISK – FOR CLIMATE CHANGE, KEY AREAS INCLUDE SUPPLY CHAIN, CUSTOMERS AND TECHNOLOGY

- In addition to the process above, we have undertaken surveys across our key functions informed by external sustainability consultants to determine the most material climate risks and opportunities, in collaboration with our EMTs. These are reviewed and incorporated into our BAU risk management.

THE BOARD

- The Board has overall responsibility for the business strategy and managing the risk associated with its delivery, setting the risk appetite, tolerance and culture to achieve goals.

AUDIT COMMITTEE

- The Audit Committee plays a key supporting role through monitoring the effectiveness of risk management and the control environment, reviewing and requesting detailed analysis on emerging risk areas, and directing and reviewing independent assurance.

EXECUTIVE MANAGEMENT TEAM

- The EMT has overall responsibility for day-to-day risk management. The HSS Risk and Assurance Director maintains the Group's risk register, which is reviewed by the EMTs on a quarterly basis, with changes to the risk landscape, assessment and mitigating actions agreed.

ESG COMMITTEE

- Informed of risk and opportunities, to proactively mobilise management to address/mitigate impacts.
- Quarterly ESG risk reviews instigated to ensure the Group's progresses on its journey to net zero.

STRATEGY AND RISK

Our strategy is to focus on three key objectives:

1. Continue to enhance our technology to meet the requirements of customers and suppliers alike, ensuring fast and frictionless user journeys, making equipment hire easier and less costly.
2. Grow our business organically without the deployment of incremental capital investment in fleet, in turn enhancing availability for customers and returns for suppliers.
3. Create further differentiation by enhancing our technology, whilst at the same time broadening and deepening our supplier network to drive greater availability and customer retention.

A comprehensive risk review is conducted annually in relation to climate-related risks and opportunities that could impact HSS's strategy and financial planning across the operations under different climate scenarios, and to identify any new events arising. This is centralised at Group level, with risks and opportunities identified at Group level for all subsidiaries. The scope of this review includes our UK geography in which we operate and key segments of the equipment rental market, including individual customers, SMEs and larger customers. The review identified ten transition and five physical potential risks and opportunities.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

When assessing the potential risks and opportunities across our business, the impacts are recognised to be proportional over time, as both the weather and market change as a result of climate change. Given our operations are UK and Republic of Ireland only, the likelihood of several climate-related risks occurring simultaneously is moderate and those identified are unlikely to impact short-term finances or the ability to operate in a BAUI state. The risks and opportunities are considered over the short, medium and long term, referring to when the risk is likely to have an impact.

- **Short term** (0-2years)
Aligns to HSS's immediate pipeline of projects, contracts and current asset investments and their associated climate-related risks and opportunities.
- **Medium term** (3-5 years)
Aligns to longer-term projects and investments decisions with risks driven by government policy, infrastructure needs and market conditions.
- **Long term** (5-10 years)
Focuses on factors that could impact HSS's business plans, and longer-term strategy and business resilience.

Survey prioritisation

Cross-functional strategic stakeholders were surveyed to prioritise climate risks and opportunities based on impact and likelihood.

When determining future risks and exposure to HSS's business, two future scenarios have been considered. The first is a 1.5°C climate scenario representing a transition to a low-carbon economy. Risks and the associated timeframes are more immediate, with the potential for accelerated policy changes and changing technology demands in favour of this transition. The second is a 4°C emission scenario pathway where the impact of climate change on physical risks in the UK would have a much greater impact on the business. The transition risks of failing to set and meet appropriate ESG goals are detailed on page 40. They include adverse reputational impact with stakeholders, limiting our ability to trade with customers thus leading to revenue reduction, deterring people from joining the business and affecting attractiveness to investors. Regulatory changes that impact the use of higher-emission equipment, transport methods or services would be detrimental to higher-emission areas of the business and associated revenue streams. Emissions credentials may become more valuable to clients, customers and investors, leading to potentially higher administration costs and negatively impacting HSS's competitive advantage. It is also possible that low-carbon technologies could be operationally less profitable and/or customers continue to use high-emission products.

In the medium term, risks include strain on supply chains impacting the ability to provide low-emission technology. Also increased competition for low-emission equipment could cause acquisition difficulties such as longer lead times. This could result in loss of revenue and loss of competitive advantage. Physical risks include increased flood risk to key sites or locations prone to flooding causing disruption to business operations' ability to deliver provide services and the return of equipment.

In the longer term, damage to sites, assets and equipment with increasing summer temperatures and hottest days could put the workforce at greater health risk. We have detailed these risks, impact, timeframe, mitigation actions and opportunities on pages 40 to 42. We have also summarised the top-rated risks and opportunities on page 39.

NETWORK FOR GREENING THE FINANCIAL SYSTEM (NGFS) CLIMATE SCENARIOS OVERVIEW

Category/Future scenario	Orderly Net Zero 2050	Hot House World
SUMMARY	An ambitious and coordinated transition to low emissions, 1.5°C	Only current policies are preserved. Inwardly focused and climate-related targets out of focus.
TRANSITION RISKS NGFS socio-economic model (GCAM) – potential scenario could use going forwards	NGFS GCAM 5.3+ Net Zero 2050 +NIGEM NGFS v1.22	NGFS GCAM 5.3+ Current policies +NIGEM NGFS v1.22
PHYSICAL RISKS Climate model (IPCC) and equivalent	Global Temperature increase by 2100: 1.5°C Model: SSP1-1.9 (RPC 2.6)	Global Temperature increase by 2100: >3°C Model: SSP3-7.0 (RPC 8.5)
POLICY REACTION	Immediate and smooth	Low
TECHNOLOGY CHANGE	Fast change	High
CARBON DIOXIDE REMOVAL	Medium to high use	Low
REGIONAL POLICY VARIATION	Medium to low use	High variation

NGFS GCAM & +NIGEM are multiple human and physical earth systems models & scenarios which have been brought together.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

TOP-RATED CLIMATE-RELATED RISKS AND OPPORTUNITIES IN OUR STRATEGY

This page outlines the key risks and opportunities we have identified that may potentially impact our business and strategy over the short and medium term (next five years). Further information is found on pages 40 to 42 where the potential and actual impacts (minor, moderate and major) are defined. Note: we continue to monitor potential inputs to assess likely impacts.

Risk and opportunity theme	Shortlisted opportunity/risk	Potential impacts to the business	Mitigation/Action
EXPAND EXISTING REVENUE STREAMS FROM SUSTAINABLE CONSTRUCTION	<ul style="list-style-type: none"> Opportunity to increase demand for climate change-related infrastructure equipment. HSS is in a strong position to establish early supplier relationships, strengthening the ability to deliver new technology to new market segments. 	<ul style="list-style-type: none"> Increase revenue through target segments. Create further differentiation by enhancing our technology. HSS can become a market leader in low-emission technology, giving customers greater choice coupled with development of new areas of growth. 	<ul style="list-style-type: none"> Understand regulatory requirements and establish 'bridging and buffering' with suppliers, ensuring strong communication during physical climate events and having reserve suppliers as back-up.
TRANSITIONING OF PRODUCTS AND TECHNOLOGY TO LOWER-EMITTING ALTERNATIVES	<ul style="list-style-type: none"> Opportunity to become a market leader in low-emission technology with potential new areas of growth. Low-carbon technologies may be operationally less profitable and/or customers continue to use high-emission products. Potentially higher admin costs and negative impact on competitive advantage if difficult to fulfil the demand. 	<ul style="list-style-type: none"> Increase in demand for climate change-related infrastructure equipment. Short-term loss of revenue from current business areas if customers continue to demand high-emission products no longer provided by HSS at historical levels. 	<ul style="list-style-type: none"> Through surveys, understand customer preferences and develop low-carbon products and services, ensuring the HSS corporate strategy aligns with climate change mitigation and adaptation including optimising supply chain sustainability, transitioning to renewable energy sources and assessing operations and vulnerabilities.
INCREASED SEVERITY OF WEATHER EVENTS	<ul style="list-style-type: none"> Opportunity for HSS to provide products and support services to regions affected by increased flooding. Physical risks include strain on supply chains impacting the ability to provide low-emission technology, increasing the difficulty of acquisition or longer lead times. Increased flooding risk to key sites or locations prone to flooding. 	<ul style="list-style-type: none"> Increase revenue through this target segment. Loss of revenue and loss of competitive advantage. Disruption to business operations' ability to deliver or provide services and the return of equipment. Strain on supply chains impacting the ability to provide low-emission technology. 	<ul style="list-style-type: none"> Conduct risk assessments around physical risks to operations; ensure the strategy includes adaptation planning using the scenarios detailed in the TCFD Report; and ensure that supply chain management is cognisant of the infrastructure upgrades necessary for increased physical risk.
SUPPLY CHAIN	<ul style="list-style-type: none"> Greater stakeholder interest in product, LCA and emissions data, compounded by supply chain moving slowly to provide relevant data. Provides HSS with an opportunity to become market leader in automated 'real-time' customer reporting. Emissions credentials will become more valuable to clients, customers and investors. Potentially higher administration costs and negative impact on HSS competitive advantage if we cannot fulfil these important emerging CO₂ needs. 	<ul style="list-style-type: none"> Customers may exclude certain competitors who cannot provide this CO₂ & ESG related data. Reduced revenues in certain product lines where emissions data is not available to show impacts. 	<ul style="list-style-type: none"> Deploy & develop the in-house carbon reporting data & tools to further reduce risk & improve competitive advantage. Continue to work with supply chain partners to improve complete upstream transparency and the new customers' requirements to receive this important ESG data.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

TRANSITIONAL AND PHYSICAL RISKS

The below analysis highlights transition risks recognised by HSS in four key areas: Policy, Technology, Market and Reputation. It also considers the impact of these risks on the business and the timeframe when this can be considered material to HSS.

Key	Medium	Change in risk	Impact
Timeframe	to long	Up ↑	Insignificant Financial <£100k
Short	Long to	Flat ↔	Minor Financial £100k-£500k
Medium	very long	Down ↓	Moderate Financial £500k-£2m
			Major Financial £2m-£10m
			Catastrophic Financial >£10m

HSS's operations are based in the UK and Republic of Ireland, with branches, customer distribution centres and facilities located across the countries. Many of HSS's primary suppliers are also located within the UK&I. As a result of this, material physical risks mirror those expected in the UK&I as a whole in future scenarios. The impacts of climate change are already being seen within the UK&I with increased flooding and hotter summers. A 4°C future scenario pathway considered here highlights that current physical risks at UK locations will become further exacerbated as a result of climate change. As such, the timeframe where this becomes more material to HSS in addition to current physical risks is by 2050, a longer interval than the more immediate transition risks.

			Risks	Impacts	Residual risk/opp: Short, medium and long term	Max financial impact (scale)	Business readiness/mitigating activities
TRANSITIONAL RISKS (<2°C FUTURE)	POLICY AND LEGAL	Flat ↔	Further regulatory changes that impact the use of higher-emission equipment, transport methods or services.	This would only impact higher-emission areas of the business and associated revenue streams. This could also cause equipment and services such as diesel fuels and generators to become obsolete.	Medium	Major	– Continuous research of any anticipated or new regulatory requirements.
		Up ↑	Greater stakeholder interest in emissions reporting compounded by some limitations in the availability and relevance of historical data within the supply chain and the understanding of the relationship between climate and traditional financial risks.	Emissions credentials will become more valuable to clients, customers and investors. Potentially higher administration costs and negative impact on HSS competitive advantage if we cannot fulfil.	Medium	Moderate	– HSS is at the forefront of reporting and has a track record of disclosure around its impacts.
	TECHNOLOGY	Up ↑	Low-carbon technologies could be operationally less profitable and/or customers continue to use high-emission products.	Loss of revenue from current business areas if customers continue to demand high-emission products no longer provided by HSS at historical levels. This will be less likely in the low-carbon economy scenario as a result of policy and regulatory changes.	Short	Major	– HSS is well positioned to balance the transition from high- to low-emissions products.
		Flat ↔	Strain on supply chains impacting the ability to provide low-emission technology.	Increased competition for low-emission equipment, increasing the difficulty of acquisition or longer lead times. This could result in loss of revenue and loss of competitive advantage.	Medium	Moderate	– A focus on supply chain 'bridging and buffering'.
	MARKET	Flat ↔	Increased energy and fuel prices could negatively impact demand for fuel-based products.	Increased fuel and energy costs could impact returns on fleet associated with fuel-based products.	Medium	Moderate	– HSS can focus on customer demand.
		Flat ↔	Changes to costs for products and services, with focus on low-emission technology.	Potential for increased costs to customers if energy and new technology requirements pass through the value chain.	Short/Medium	Major	– The market may resist these increased costs being passed on.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

			Risks	Impacts	Residual risk/opp: Short, medium and long term	Max financial impact (scale)	Business readiness/mitigating activities
	REPUTATION	Flat ↔	The Company not meeting SBTs and/or net zero commitments to reduce emissions.	A negative public image arising from issues related to ESG and climate change results in reduced demand for products and services. Impact extended to other stakeholders, investors and ratings agencies and reputation decreases as a result.	Medium	Major	– HSS is committed to the emissions reduction targets and has a strategy in place and robust governance.
PHYSICAL RISKS	ACUTE	Up ↑	Increased flooding risk to key sites or locations prone to flooding.	Disruption to business operations, ability to deliver or provide services and return of equipment. Damage to sites, assets and equipment.	Short/Medium/Long	Minor	– Business Continuity Plan and Disaster Recovery Planning ensure that HSS has contingency plans for flooding – new sites are less vulnerable because of careful selection.
	CHRONIC	Up ↑	Increasing weather extremes (e.g. UK summer temperatures and hottest days).	This could put the workforce at greater health risk.	Short/Medium/Long	Minor	– H&S at HSS is paramount. Systems and procedures are in place to ensure that colleagues are well cared for in all conditions.

CLIMATE-RELATED OPPORTUNITIES

There are also opportunities that are brought about by the transition to a low-carbon economy and the changing physical environment over the longer term. These have been recognised and highlighted below.

			Risks	Impacts	Residual risk/opp: Short, medium and long term	Max financial impact (scale)	Business readiness/mitigating activities
TRANSITIONAL OPPORTUNITIES (<2°C FUTURE)	POLICY AND LEGAL	Flat ↔	Regulatory changes to the use of high-emission technology or transport methods.	Opportunity to proactively implement ahead likely policy changes and secure new business areas for HSS.	Medium	Major	– Deploy and evolve sustainable procurement and tracking policy. – Greener alternative products classified.
		Up ↑	Opportunity to highlight emissions reporting completed throughout the value chain to stakeholders and action taken to mitigate climate change.	Emissions credentials and reduction targets will become more valuable to clients, customers and investors. This is an area where HSS can add value can and maintain its position as a leader.	Medium	Moderate	– Greener alternative products classified. – Mix of fuel sold through high-voltage output (HVO) generators.
	TECHNOLOGY	Down ↓	Increased demand for products and services with lower emissions and associated drop in demand for emissions-intensive counterparts.	HSS can become a market leader in low-emission technology, giving customers greater choice coupled with development of new areas of growth.	Long	Moderate	– Greener alternative products classified and continue to grow our greener fleet.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

		Risks	Impacts	Residual risk/opp: Short, medium and long term	Max financial impact (scale)	Business readiness/mitigating activities	
	Flat ↔	Supply chain opportunity to secure relationships with low-emission technology providers.	HSS can establish early supplier relationships, strengthening the ability to deliver new technology.	Long	Moderate	<ul style="list-style-type: none"> Deploy and evolve sustainable procurement and tracking policy. Engage with suppliers proactively to develop a greener ecosystem. 	
	Down ↓	Investment in low-emission technology.	Investment in this area allows for the ability to meet customer demand, emissions reduction targets and climate-related goals.	Long	Minor	<ul style="list-style-type: none"> Decarbonisation of low-emitting operations. Capex budget allocated to sustainable products by 2025. 	
MARKET	Up ↑	Increased fuel prices and price volatility affect operational costs and financial exposure.	Migration away from fuel dependency reduces exposure to fuel price fluctuations in the future.	Medium	Moderate	<ul style="list-style-type: none"> Mix of fuel sold through HVO generators. Increased use of EVs (on track; despite fleet delay in global supply chain). 	
REPUTATION	Flat ↔	The Company can become an industry/sector leader in climate reporting.	Enhances HSS's positive reputation, increasing the ability to retain and grow customer base with emphasis on lower-emission technology.	Long	Major	<ul style="list-style-type: none"> Deploy and evolve sustainable procurement and tracking policy. Greener alternative products classified. 	
PHYSICAL OPPORTUNITIES (4°C FUTURE)	ACUTE	Flat ↔	Increased flooding risk to UK locations that are prone to flooding.	HSS can provide products and support services to regions affected by increased flooding.	Long	Minor	<ul style="list-style-type: none"> Greener alternative products classified by 2025 (including products that help mitigate/adapt to climate change).
	CHRONIC	Flat ↔	Increasing UK summer temperatures and increasing number of record-breaking 'hottest days recorded'.	The Company can provide products and support services to regions affected by increasing temperatures	Long	Minor	<ul style="list-style-type: none"> Greener alternative products classified by 2025 (including products that help mitigate/adapt to climate change).

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

TARGETS

HSS has set a near-term SBT to reduce our scope 1, 2 and 3 emissions in line with the SBTi's Net-Zero Standard. We have committed to reducing absolute scope 1 and 2 GHG emissions by 46.2% by 2030 from a 2019 base year. In particular, we commit to increasing annual sourcing of renewable electricity from 7.6% in 2019 to 100% by 2030. This is aligned with a 1.5°C emissions pathway. To go further, we have also committed to reducing absolute scope 3 GHG emissions by 27.5% by 2030 from a 2019 base year. These commitments are aligned with a well-below 2 °C emissions pathway. As a Group, we are committed to reaching net zero by 2040 and in line with the net zero Standard will be setting long-term SBTs in the near future.

Our decarbonisation pathway includes targets that cover every scope and category of GHG emissions, with notable targets for our transport fleet, fuel generators, energy, and waste consumption. By 2030, we aim to move 60% of our company car fleet to EV and 35% of commercial fleet to electric and/or low-carbon alternative fuel. We aim to install EV charging points at all locations by the end of 2030. Our largest category of scope 3 GHG emissions is from the use of fuel generators (including the fuel) and therefore we aim to ensure that 26% of fuel used for generators comes from low-carbon alternative fuels and 15% of generators on hire are hybrid. By 2030, we commit to reducing our energy consumption by 30% per site and our general waste consumption by 50%, along with achieving 70% reuse and recycling rate across all our sites.

In the medium to long term, we aim to establish an internal carbon price along with long-term SBTs.

The Group's targets are designed with the current and expected future developments on the Group in mind, however changes to the business from future strategic initiatives may impact targets in the future.

To respond effectively, we must ensure that ESG-related risks are well understood across our organisation, and that we are able to evaluate progress against goals and measure success. That is why, since 2021, we have conducted a thorough review of our overall ESG performance and maturity across our whole business. We appointed an independent ESG consultancy to undertake a comprehensive assessment conducted by an external assessor, spanning over 90 ESG areas, providing us with a detailed overview and benchmark of our overall ESG maturity with tailored recommendations to improve performance in each critical area.

We have developed an additional number of KPIs that will help us in the short to medium term to improve the management of climate-related risks and opportunities across our business. The disposal of the Power business in FY24 does not materially impact the 2023 targets and the reporting for ESG. For GHG emissions there is no change as the Power business will be included under scope 3 in the future. For the other measures, in the future a restatement will occur as reporting is on a like-for-like basis.

Target	KPI	Relevance of KPI to business model	Monitors and assesses performance of KPI (incl. frequency)
ACCURATE MODELLING OF CLIMATE SCENARIOS ON HSS'S BUSINESS MODEL NEAR TERM	No. of risks/opportunities modelled	Undertake more detailed financial modelling of climate risks using NGFS scenario IAMs socio-economic parameters. This will provide verification of the financial impacts of the transitional-related risks and opportunities.	– ESG Managing Director will be responsible for updating the model every three years or whenever there are significant changes to the business model.
SUPPLY CHAIN AND CLIENT ENGAGEMENT MEDIUM TERM	% of key suppliers engaged % of key clients engaged	Suppliers and clients engaged to understand changing market landscape to inform our Capex investment profile of equipment.	– ESG Managing Director on an annual basis.
DECARBONISATION OF ASSETS MEDIUM TERM	% of assets that are categorised as low-emitting sources	Working with suppliers that have higher emitting-intensity equipment to decarbonise our assets.	– ESG Managing Director on an annual basis.
STRANDED ASSETS NEAR TERM	No. assets that are categorised as 'high risk' by stranded assets	Categorise equipment into high to low profile of potential/likelihood of stranded assets and what % is/is not net zero aligned (e.g.100% electric).	– ESG Managing Director on an annual basis.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Performance Metric	Unit	2024	2023	2022	2021	2020	2019	Notes
GHG EMISSIONS								
Total direct emissions (scope 1)	metric tons (t) CO ₂ e	8,859	9,385	10,083	9,821	9,787	12,386	
Total indirect emissions (scope 2) – location based	metric tons (t) CO ₂ e	1,122	1,255	1,011	1,312	1,965	3,073	
Total indirect emissions (scope 2) – market based	metric tons (t) CO ₂ e	90	108	6	188	-	2,840	
Value Chain Emissions (full scope 3)		116,737	142,054	153,883	53 ^a	48 ^a	151,138	Methodology/data improvements
Total Gross carbon emissions	metric tons (t) CO ₂ e	126,718	152,693	164,977	11,133 ^a	11,800 ^a	166,597	Methodology improved, recalculated
Total Net carbon emissions	metric tons (t) CO ₂ e	125,687	151,546	163,973	10,062 ^a	9,835 ^a	166,364	Methodology improved, recalculated
GHG Intensity (Building energy only)	tCO ₂ e/£m rev (1&2)	3.71	3.90	3.37	4.77	4.18	10.44	
GHG intensity (All Scopes Full)	tCO ₂ e/£m rev (full)	411	433	493	- ^b	- ^b	541	Methodology/improvements improved, recalculated
ENERGY CONSUMPTION								
Total energy consumption	kilowatt hours (kWh)	5,521,934	6,212,302	5,842,499	6,904,183	9,428,951	11,806,259	
Total electricity	kilowatt hours (kWh)	4,923,444	5,605,168	5,227,177	6,177,136	8,921,521	11,079,212	
Total renewable electricity	kilowatt hours (kWh)	4,852,942	5,083,615	5,193,587	5,290,355	8,921,521	232	
Total gas	kilowatt hours (kWh)	598,490	607,134	615,322	727,047	507,430	727,047	
Total propane	kilograms (kg)	16,380	12,156	14,550	15,282	15,876	28,032	
WASTE								
Total waste consumption	metric tons (t)	819	1,322	3,500	1,094	1033	1,522	
Diverted waste	metric tons (t)	500	655	1,568	647	652	919	
Landfill waste	metric tons (t)	23	126	107	123	94	147	
Recycled waste	metric tons (t)	223	454	1,718	216	240	393	Methodology/data improvements
Reused waste	metric tons (t)	0	12	27	9	2	0	
Total Reusable processed fuel oil (PFO)	metric tons (t)	73	73	80	99	46	63	
Total hazardous waste (waste oil)	litre (l)	74,500	74,800	81,200	101,170	97,700	111,100	
Total waste to energy (incineration)	percentage %	61%	50%	45%	57%	63%	60%	
Total waste to landfill	percentage %	3%	10%	3%	7%	9%	10%	
Total waste recycled	percentage %	27%	34%	49%	31%	23%	26%	
Reused waste	percentage %	0.00%	0.90%	0.80%	0.50%	0.20%	0.00%	
Total processed fuel oil (PFO)	percentage %	9%	6%	2%	5%	4%	4%	
Landfill diversion rate	percentage %	97%	90%	97%	93%	90%	90%	

a 2020 and 2021 Partial scope 3 based on Streamlined Energy and Carbon Reporting (SECR) only.

b Data not calculated for these years due to COVID-19.

"-" = New KPI or Not recorded in previous that period

Note: 2019 is the base year where full scope 3 calculations have been completed; 2019 Gross, Net emissions and GHG intensities were rebased with SBTi due to divestitures

Note: All figures as presented on a total operations basis rather than continuing operations and the figures for 2024 are based upon the 2024 calendar year, rather than a 15-month period, this is to enable comparability

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Performance Metric	Unit	2024	2023	2022	2021	2020	2019	Notes
SOCIAL PERFORMANCE								
Total number of employees	FTEs and PTEs	2,008	2,124	2,037	1,903	2,330	2,603	
Gender - female/total	% based on headcount	16%	19%	16%	12%	15%	15%	Group-level data
Pay gap (mean)	percentage (%)	-14%	-16%	-10%	-10%	-1%	-1%	Group-level data
Pay gap (median)	percentage (%)	-4%	-3%	-4%	-8%	-7%	-7%	Group-level data
Ethnicity/total	% based on headcount	11%	10%	11%	10%	10%	11%	
Colleague engagement score	percentage (%)	76%	74%	75%	76%	75%	72%	
Total Recoverable Frequency Rate (RIDDOR)	frequency rate	0.16	0.06	0.02	0.12	0.04	0.2	
Total number of RIDDORs	RIDDORs per FY	7	3	1	5	2	11	
Safety observations	logged observations	16,402	16,565	20,571	23,814	8,020	601	
Trustpilot (formally Net Promoter Score)	Trustpilot Service Review (formerly NPS score)	4.2	–	44	38	44	45	FY23 data not available at time of print. FY24 changed to Trustpilot
Training courses delivered (all types)	number of courses delivered	29,790	25,305	23,203	21,489	–	–	Local reporting prior to 2021
Training hours (all colleagues, all types)	total number of hours	46,644	43,004	33,721	24,261	–	–	Local reporting prior to 2021
Training hours per colleague	average per colleague	23.1	21.0	16.2	11.9	–	–	
MyPerformance reviews completed	ratio % complete	70%	73%	–	–	–	–	KPI added 2023 ratio of total HC
GOVERNANCE								
Training mandatory, standards compliance	% courses up to date	81%	88%	87%	84%	–	–	
Whistleblowing incidents reported	incidents reported	4	3	5	1	5	9	
Supplier audits (ESG elements)	total number of audits	275	250	311	–	–	–	311 = 88% published in last report
Total number of audits (c/w ESG elements)	number of audits	275	250	311	–	–	–	New 2022 and evolving KPI
Tier 1 (ProPlatinum)	ratio % complete	91%	94%	–	–	–	–	New 2023 and evolving KPI
Tier 2 (ProGold)	ratio % complete	88%	74%	–	–	–	–	New 2023 and evolving KPI
Tier 3 (ProSilver)	ratio % complete	97%	41%	–	–	–	–	New 2023 and evolving KPI
Tier 4 and 5 (Bronze and Approved)	ratio % complete	83%	56%	–	–	–	–	New 2023 and evolving KPI
Total targeted audits	ratio % complete	87%	68%	88%**	–	–	–	New 2022 and evolving KPI, **Y1
Dedicated budget for ESG (non-product)	budget allocated FY £k	369	245	146	119	110	–	Excluding Product Capex
Dedicated headcount for ESG	Full-time headcount FY	3	3	2	1	0.5	–	

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

METRICS VS NEAR TERM TARGETS BY SDG

Key: Ahead of target: ↑ On target/track: = Off track, correction needed: ↓

Subject	Material issue	Core SDG	SDG No.	2030 near-term commitments/targets	2024 Performance	Status	Commentary
CLIMATE ACTION AND RENEWABLE ENERGY	Climate Change	13	13.1	100% Climate risk added to Group risk management framework	100%	↑	Running since voluntary submission in 2022
	GHG Reduction		13.2	26% Reduction in GHG Scope 1 & 2 operations (45% by 2030)	41%	↑	2024: 32% is glidepath – ahead of trajectory
				7% Reduction in GHG Scope 3 (27% by 2030)	23%	↑	2024: 12% is glidepath – ahead of trajectory
				100% Near-term and Net Zero 2040 SBTi validated	100%	↑	Completed in May 2023
	Promote the use of greener products and energy	7	7.2	100% Electricity is procured from 100% renewable energy	100%	=	On target
		7.a	40% Company fleet to electric by 2025	31%	=	Pandemic slowed vehicle supply chain, still on track with orders placed 2024	
OUR COLLEAGUES AND OUR COMMUNITIES	Colleague well-being and engagement	3	3.4	100% Continuous evolution of our colleague well-being programme	100%	↑	In line with 2023 ESG maturity path action plan
			3.4	>70% Maintain high colleague engagement levels	76%	↑	Consistently above national average
	Health and safety		3.9	>2 Targeting zero RIDDOR environment	7	↓	Increased by 4 from 2023, actions in place
				>16 Reduce the number of Lost Time safety incidents	17	↓	Actions in place
	Apprenticeships	8	8.6	>30 Targeted pipeline of new apprentices enrolled	48	↑	Strong talent pipeline enabled over achievement
Equality, Diversity & Inclusion (DE&I)			8.5	25% Total ratio of female colleagues by end of 2025	16%	=	Making positive progress being made, on track
				0% Continue gender pay gap reporting	-4%	↑	Consistently above national average
DRIVING INNOVATION	Innovation-led change	9	9.4	100% Greener alternative products classified by 2025	100%	=	174.5 mtCO2e potential use-phase savings identified in 2024
				16% Mix of fuel sold through HVO generators	8%	↓	HVO adoption increasing
OUR SUPPLY CHAIN	Reduction in packaging	12	12.1	50% Deploy and evolve sustainable procurement	60%	=	2024: Policy, communications, tracker
				100% Tracking policy	100%	=	Phases updated
	Zero waste to landfill		12.7	60% Percentage of operations' used oil being recycled Attain recycling and reuse rate across all HSS sites by 2025	18%	=	Robust policies remain in place, mandatory training for all colleagues in place, engaged supplier
ESG	Training/Awareness	12	12.8	100% Develop and deliver an evolving mandatory ESG training programme to all colleagues to improve ESG awareness	87%	↓	Updated in line with evolving practices
OUR COMMUNITIES WE LIVE AND WORK IN	Biodiversity Impact	15	15.1& 11.6	100% Site coverage, Biodiversity Impact Assessment of all HSS locations near to KBA's, updated and evolved bi-annually	100%	↑	Frequency updated in line with best practice

S.172 STATEMENT

THE BOARD'S APPROACH

- The Board recognises the importance of maintaining strong relationships with our stakeholders in order to create sustainable long-term value and encourages active dialogue and transparency with all of its stakeholder groups.
- We take time to engage with, and listen to, the views of our stakeholders in order to shape our decision making and to continue improving the way we do things. The Board exercises skill and judgement, having regard to the likely consequences of its decisions, to promote actions that lead to the long-term success of the Group.
- When developing strategy, the Board has regard to financial considerations as well as the need to engage, and the potential impact on the Company's stakeholder groups. The Board strives to balance appropriately the effects of decision making on key stakeholder groups whilst always ensuring the need to promote the success of the Group for the benefit of its members as a whole.

Further information on how S.172 has been applied by the Directors can be found throughout the Annual Report:

S.172 DUTIES	READ MORE	PAGES
Consequences of decisions in the long term	Our Business Model	20, 27
	Our Strategic Framework	21, 28
	Principal Risks and Uncertainties	13 - 18
	Going Concern	55
	Board Activities	56
Interests of employees	Non-Financial Information Statement	69
	Our People	24-25, 31-32
	Employee Engagement	24, 32
	Diversity and Inclusion	24, 32
	Culture and Values	24, 31
Fostering business relationships with suppliers, customers and others	CEO's Statements	21, 28
	Case Study	50
Impact of operations on the community and the environment	Sustainability Performance	44-46
	Energy and Emissions	44
	ESG Objectives	7-10
Maintaining high standards of business conduct	Non-Financial Information Statement	69
	Culture and Values	24, 31
	Whistleblowing	55
	Anti-fraud, Bribery and Corruption	51
	Modern Slavery	55
Acting fairly between members	Shareholder Engagement	56
	Voting Rights	70

HOW THE BOARD FULFILS ITS S.172 DUTIES

BOARD TRAINING

Each of the Directors is aware of their duties and has received training on S.172



BOARD STRATEGIC DISCUSSION

S.172 factors are considered in the Board's discussions on strategy, including how they underpin the Company's long-term success

The Board considers the quality of information it has received and seeks assurance where appropriate



BOARD DECISION

Outcomes of Board decisions are assessed and further engagement with stakeholders is undertaken where appropriate

As a result of the Board's engagement, the necessary actions are taken

S.172 STATEMENT CONTINUED

Stakeholders	Interests	How we engaged	Outcomes
<p>SHAREHOLDERS AND INVESTORS Our shareholders monitor the performance and governance of HSS and regular dialogue is crucial in ensuring the Board is aware of their expectations.</p>	<ul style="list-style-type: none"> - HSS's strategy and objectives - Group performance and growth potential - HSS's technology platforms, their progress and how they differentiate HSS from its peers - Quality and effectiveness of the Group's governance - HSS's ESG approach and strategy development - Returns on share price and dividends - Capital allocation 	<ul style="list-style-type: none"> - The Directors had regular, transparent communication with major shareholders through calls, emails and one-to-one meetings - The AGM provided the opportunity for all shareholders to engage with the Board, both the Executive and the Non-Executive Directors. The success of the AGM from an engagement perspective is clearly dependent on shareholder turnout; unfortunately this was very low in FY25 - Our ESG status continues to be industry leading, requiring regular interaction with stakeholders, particularly our supplier base as we monitor and drive standards 	<ul style="list-style-type: none"> - Shareholders' ongoing confidence in the Group's ability to deliver shareholder value, albeit in difficult market conditions - The Board has a strong wish to see greater shareholder attendance at AGMs - The Board is aware of investors' expectations on governance and ESG
<p>SUPPLIERS Our suppliers, both equipment manufacturers and rehire providers, allow us to serve our customers and are central to our business model. Frequent engagement with our suppliers builds strong working relationships and improves customer service. It also helps us identify risks in our supply chain and ensures HSS's values and approach to responsible business are shared.</p>	<ul style="list-style-type: none"> - Access to customers - Transparency of orders and data insight, via an easy-to-use supplier portal - Receiving payments within agreed credit terms - Responsible and sustainable business practices 	<ul style="list-style-type: none"> - Regular supplier review meetings to assess service performance and explore mutual growth opportunities - We engaged with new suppliers during the year to expand our supplier network and introduce new product verticals - Rehire suppliers continue to be onboarded to our supplier portal. - Audits of suppliers to ensure strong governance and health and safety standards 	<ul style="list-style-type: none"> - Communication has ensured that our suppliers retain a strong relationship with the Company, have open communication with us and readily provide feedback - Improved understanding and use of the supplier portal by rehire suppliers
<p>LENDERS Our lenders provide HSS with the funding we need to deliver on our strategy and support our customers. We have continued to enjoy a strong and positive relationship with our lenders throughout FY25 and have communicated regularly.</p>	<ul style="list-style-type: none"> - Our reputation as a responsible business - Confidence in our strategy and ongoing ability to repay and service our debt 	<ul style="list-style-type: none"> - Met with lenders on a frequent basis to update on business performance. - Monthly lender reporting alongside quarterly covenant compliance certificates and an annual lender report. - Ad-hoc discussions as required 	<ul style="list-style-type: none"> - Continued support from actively engaged lenders throughout the period

S.172 STATEMENT CONTINUED

Stakeholders	Interests	How we engaged	Outcomes
<p>COLLEAGUES Our talented team of around 2,000 colleagues is our primary asset and regular engagement helps ensure we understand what is important to them to make HSS a fulfilling place to work. Engagement also ensures HSS's purpose and values are understood across the business as we work together to deliver on our strategy.</p>	<ul style="list-style-type: none"> - HSS's strategy and objectives during the next stage of our growth - Working cohesively following the split of our sales and operations businesses and the progression of our network restructure - Keeping our colleagues safe - ED&I and our approach to operating responsibly - Employee benefits and remuneration - Development opportunities and career progression - Engagement with senior management 	<ul style="list-style-type: none"> - Regular updates during the year through Company WhatsApp groups, emails and the annual executive roadshow, delivered online, all helped keep colleagues abreast of developments - The annual colleague engagement survey was used to provide management with a strong understanding of colleagues' needs and concerns, allowing us to adapt our working practices based on their feedback - Our Health and Safety Forum and subsequent pulse surveys after health, safety and well-being events helped identify areas where more support was needed - A wider number of colleagues have been involved in our ESG planning and initiatives to input their ideas, and ideas and requirements from other stakeholders - ED&I initiatives, such as female mentoring programmes, celebration of cultural holidays and expanded system reporting has been implemented 	<ul style="list-style-type: none"> - Colleagues have a strong understanding of Company performance, strategy and our updated business model - The Learning and Development team is continuing to update training programmes based on employee feedback to upskill colleagues and support career progression - We continue to focus on supporting colleagues' health and well-being – including physical, mental and financial – along with widening our training and development opportunities and improving our benefits offer - Annual engagement survey feedback
<p>CUSTOMERS We supply our customers with the essential tools, equipment and services they need to complete their projects. We engage with them to ensure our offering adapts to meet their evolving requirements and so that we remain their supplier of choice.</p>	<ul style="list-style-type: none"> - Access to a broad range of equipment and services, all in one place - Availability of equipment and services when required - High-quality, reliable and competitively priced products and services with a quick and easy journey from order to delivery - Acknowledgement of, and responses to, customer feedback - Responsible and sustainable business practices, and wider ESG interests 	<ul style="list-style-type: none"> - Interactions with customers via our ever-growing marketplace - Feedback on our service provision through direct engagement with our sales teams, either face-to-face (including at builders merchants), phone calls or email, and through social media - Indirect feedback on our service provision through Trustpilot and other review services - Annual NPS survey conducted by a third party, Kantar TNS - Reviews of our customer app on Apple's and Android's respective app stores - Regular social media updates on our blog and social media channels 	<ul style="list-style-type: none"> - Reviews and direct feedback allowed us to continue to improve our digital offering to best suit customer needs
<p>LOCAL COMMUNITIES AND THE ENVIRONMENT We strive to be a responsible and sustainable business, as well as a good corporate citizen. Engagement with the communities in which we operate is central to this.</p>	<ul style="list-style-type: none"> - Climate change and initiatives to limit the Company's environmental impact - Supporting local communities 	<ul style="list-style-type: none"> - Participation with local charitable initiatives. 	<ul style="list-style-type: none"> - Contribution towards the local economy via direct investment and community involvement - Net Zero Carbon Target of 2040 - Active discussions with local community groups - Raised money for charities through various events

S.172 STATEMENT CONTINUED

CASE STUDY

A case study of decisions taken by the Board and how stakeholder views and inputs, as well as other S.172 considerations, have been considered in its decision making.

CONTEXT

On 7 March 2024, the Company announced the sale of HSS Power, its specialist power generator business, Abird Limited, ABird Superior Limited and Apex Generators Limited. As part of its analysis and consideration of the disposal opportunity, the Board was mindful of the potential impact of the sale on various stakeholder groups, particularly colleagues of the target businesses.

CONSIDERATION OF S172 IMPACT BY THE BOARD IN ITS DECISION MAKING

Employees

The target businesses had around 80 colleagues at the time of the disposal. The buyer, CES Global ("CES") is a renowned leader providing temporary power and HVAC solutions for large-scale events and industrial applications. CES has a strong reputation built over 35 years based on performance excellence, quality, reliability and innovation. Given that this was CES's first sizeable acquisition in the UK, the Board felt confident that the acquisition by CES would have positive outcomes for colleagues and lead to strong colleague retention.

Customers

As part of the transaction, HSS entered into a commercial agreement with CES for the cross-hire of power generators and related services to ensure the broadest possible distribution of, and customer access to, both parties' existing fleets. The Board was aware that the disposal of the power generator businesses to CES and the related commercial arrangements would need to be communicated clearly and positively to customers.

Suppliers

The commercial arrangements entered into as part of the transaction were expected to have a positive effect on suppliers, given that the Company and CES (and their respective group companies) would hire equipment from each other.

Investors

The disposal by the Company required consent from the Company's lenders, which provided a further useful opportunity to engage with lenders and involve them with the Company's plans and aspirations.

Engagement with stakeholders

The main engagement with stakeholders was through a dialogue with the Group's lenders, who were required to provide consent to the transaction. Engagement with lenders took the form of initial discussions, review of documentation associated with the transaction and final approval in the form of consent to the transaction.

As this was a sale of part of the Group, which is inherently market sensitive information, it was not possible to more widely engage with stakeholders in this particular key decision.

OUTCOMES AND IMPACT ON THE LONG-TERM SUSTAINABLE SUCCESS OF THE COMPANY AND ITS GROUP

The Board determined that the combination of a stronger balance sheet and a more streamlined business would enable greater focus on the Group's transformational strategy to become a leading marketplace for equipment services through a technology-driven, lower-cost operating model.

OTHER KEY DECISIONS

The Board made the following other key decisions during the period:

Operational separation of THSC and ProService

The Board has been committed to the operational separation of THSC and ProService ever since the legal entity separation during 2022 which, began the transformation of the Group. The decision to operationally separate the businesses was informed by the wider strategy of maximising shareholder value through presenting two separate and differentiated propositions within the Group.

Stakeholders were carefully considered throughout the process, with primary communication of the strategy and the progress against it for shareholders conducted with the use of investor presentations.

Customers and suppliers were contacted and had their contracts migrated through the Group to continue their mutually beneficial relationships with HSS.

Affected employees engaged with a TUPE process to facilitate a transfer between companies and were invited to roadshows held by senior management to inform and explain the separation and how it would promote the long-term success of the Group, with positive outcomes for colleagues.

The decision was ultimately made after the review of the legal and financial steps and having considered the operational impact on the Group and its stakeholders, with the conclusion that the Board strategy continued to represent the best interests of the stakeholders in creating long-term value.

Disposal of HSS Hire Ireland Limited

As part of the longer-term objective of focussing on the core THSC and ProService businesses, the Group disposed of HSS Hire Ireland Limited after the year end on 31 May 2025.

The process for the disposal of Ireland started towards the end of the period, after negotiations with a third-party were entered into and an initial offer for the business was received. The offer was considered in the context of the liquidity it would create and the reduction in the Group's debt positions it would facilitate.

The Board also considered the impact on stakeholders, with positive outcomes for shareholders and lenders identified through the debt and liquidity improvements made possible through the transaction. In respect of customers and suppliers, investment from new ownership would create additional opportunities, but communication would need to be clear and timely. The continuing business and new investment was also considered to be in the best long-term interests of the Company's employees.

The Board ultimately decided that the decision would promote the long-term success of the Group and of HSS Hire Ireland as a standalone proposition under new ownership.

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

OVERVIEW OF THE YEAR

The Board, committees, senior managers and colleagues across the business have continued to maintain high standards as we work together to deliver our strategy, with a continued focus on the safety of each other and our customers.

The split of our sales and operations businesses has bedded in well and I have been impressed to see the development of the separate management teams, driving their respective businesses and implementing change, whilst maintaining our high standards.

The Group's ESG programme is one we are proud of, as we maintain and improve on our Ecovadis Gold status, moving from their top 5% to top 2% during the year.

Our Health and Safety Forum has continued to be of great importance and focus for THSC (our operations business), as we remain dedicated to providing safe kit and sites for our colleagues and customers. Road safety as we deliver kit to our customers and moving kit on and off delivery vehicles safely and in line with our training is a key area of focus.

FY25 saw some changes to the committees of the Board with the departure of long-serving Directors, Amanda Burton and Doug Robertson and the arrival of Neil Cooper, whose experience and insight is proving valuable to the Board. The activities of the committees are summarised in their respective reports and included in the following pages.

GOVERNANCE CODE

The Company continues to apply the QCA Corporate Governance Code and reports on that basis. The Company is not currently compliant with Code Principles 6(c) and 6(d) for the following reasons:

- the Audit and Remuneration Committees comprise Neil Cooper only, as an Independent Director;
- the Nomination Committee comprises Alan Peterson (Non-Independent Director) and Neil Cooper, as an Independent Director; and
- the Board of Directors comprises six Directors, comprising two Executive Directors and four Non-Executive Directors, with only Neil Cooper being an Independent Director.

The Board considered this carefully and determined that the committees remain sufficiently independent due to Neil Cooper being a newly appointed Director on all such committees. As regards the composition of the Board, the Board determined that, whilst there is currently only one Independent Non-Executive Director on the Board, he has only been in role since January 2025 and there have been three resignations and two additional Director appointments during FY25. As a result, the Board is satisfied that new thinking, robust challenge and independence remains, whilst also retaining stability at a time of significant change amongst the Board, the senior management team and the business divisions of the Group.

The composition of the Group's governance committees will continue to be reviewed as the delivery of the Group's strategic objectives progress.

BOARD EVALUATION AND COLLEAGUE ENGAGEMENT

Due to the significant number of Board changes detailed above, it was too soon to ask new Directors to participate in a Board evaluation, therefore the FY25 evaluation did not take place. There will be a Board evaluation during FY26.

The Nomination Committee is recommending that all Board Directors are re-elected at our Annual General Meeting (AGM).

As a Board, we look carefully at the findings of our annual colleague engagement survey; as well as monitoring morale and well-being in the business, this helps us to monitor the development of our culture and also how colleagues feel about development opportunities within HSS. The findings of the engagement surveys in the ProService and THSC businesses are detailed on pages 24 and 32.

LEGISLATIVE/REGULATORY MATTERS AND RELATED TRAINING FOR COLLEAGUES

The Directors and senior management are informed of notable legal and regulatory changes via a combination of internal legal and audit professionals and also via external advisers.

The Group's Data Governance team monitors day-to-day data protection issues in the business.

The Group continues to promote, to both customers and suppliers, the importance of doing business in an ethical way. An anti-slavery and human trafficking statement for FY25 was reviewed and approved by the Board and published during 2025.

The Company's Code of Ethics (available at www.hsshiregroup.com) outlines our commitment to operating in an ethical and responsible manner, with honesty, integrity, openness and respect for human rights. Our support for these fundamental principles is reflected in our policies and actions towards our colleagues, customers, suppliers and the communities we operate in. The Code specifically sets out the Company's position on modern slavery and anti-bribery, areas on which we continue to train our colleagues and reinforce important messages. The Code and the policies underpinning it are regularly reviewed by senior management in light of changing business and regulatory requirements.

AGM

It is our intention, once again, to hold our AGM at the Hilton Garden Inn, Hatton Cross, TW6 2SQ at 11.00am on 25 September 2025.

ALAN PETERSON OBE

Chairman

5 October 2025

BOARD OF DIRECTORS

Alan Peterson OBE

Chairman

Not Independent
Nomination Committee
(Committee Chair)

Tenure on Board
10 years

External roles

- Honorary Colonel Army Cadets, Wales

Past roles

- Chairman, BBI Diagnostics Group
- Non-Executive Chair, Veezu Group
- Executive Chairman, Enterprise Group Holdings
- Chairman, NSPCC Wales Appeal Board
- Non-Executive Chairman, Pattonair Holdings Limited
- Non-Executive Chairman, Azelis Holdings SA
- Chairman Supervisory Board, Refresco BV
- Managing Director, Rockware Group
- Chief Executive Officer, Meyer International plc
- 3i's first Industrialist in Residence, 2001 to 2005

Skills and experience

- Chair/Chief Executive
- M&A
- Digital
- Strategy
- Construction services
- Supply chain & logistics
- Manufacturing
- Sales and marketing
- Infrastructure
- Retail

Steve Ashmore

Chief Executive Officer

Not Independent

Tenure on Board
8 years

External roles

- None

Past roles

- Managing Director, Brammer UK
- Managing Director, Wolseley UK
- Various senior management positions, Exel

Skills and experience

- M&A
- Digital
- Strategy
- Construction services
- Supply chain & logistics
- Manufacturing
- Sales and marketing
- Infrastructure

Richard Jones

Chief Financial Officer

Not Independent

Tenure on Board
1 year

External roles

- Non-Executive Director, C4X Discovery Holdings Ltd
- Non-Executive Director, Inspiration Healthcare Group plc
- Director, Medica Australia Pty

Past roles

- Senior Independent Director, Alliance Pharma plc
- Medica Group plc
- Mereo BioPharma Group Plc

Skills and experience

- M&A, Banking & Corporate finance
- Pharmaceuticals & biotechnology
- Strategy

Neil Cooper

Independent Non-Executive Director

Independent since appointment in January 2025
Remuneration Committee
(Committee Chair)
Audit Committee
Nomination Committee

Tenure on Board
Less than 1 year

External roles

- Chief Financial Officer, Great British Nuclear

Past roles

- Chief Financial Officer, Redpin Group
- Non-Executive Director, Pennon Group
- Non-Executive Director, Bristol Water plc

Skills and experience

- M&A
- Strategy
- Legal
- Chief Financial Officer
- Audit, Risk & Governance
- Utilities

Thomas Sweet-Escott

Non-Executive Director

Not Independent

Tenure on Board
10 years

External roles

- Partner, Exponent Private Equity LLP

Past roles

- Co-founded Exponent Private Equity, 2004
- Various senior management positions, 3i Group plc
- Served on the boards of Meadow Foods, Photobox Group, Trainline plc, V. Group and Lowell

Skills and experience

- Private Equity
- M&A
- Digital
- Strategy
- International

Ernst Kastner

Non-Executive Director

Not Independent

Tenure on Board
Less than 1 year

External roles

- Director, Centurion Electronics Ltd & Centurion Automotive Ltd
- Director, A&M Research and Consulting Ltd

Past roles

- Director, Steven Louis & Company Limited

Skills and experience

- Private Equity
- M&A
- Strategy
- International

Daniel Joll

Group General Counsel & Company Secretary

Not Independent
Secretary for all Committees

Tenure on Board
8 years

External roles

- None

Past roles

- Senior Legal Adviser, Sky plc
- Senior Corporate Lawyer, Watson, Farley & Williams LLP

Skills and experience

- Corporate Law
- Commercial Law
- M&A
- Public Companies and Capital Markets
- Private Equity
- Governance & Risk
- Dispute Resolution
- Insurance

CORPORATE GOVERNANCE

LEADERSHIP

Key roles and responsibilities

	Responsible for
CHAIRMAN Alan Peterson OBE	<ul style="list-style-type: none"> ensuring that the conduct of the Group is in accordance with high standards of integrity and probity; the leadership and overall effectiveness in directing the Company, including demonstrating objective judgement and promoting a culture of openness and debate; ensuring a clear structure for the operation of the Board and its committees; setting the Board agenda in conjunction with the Company Secretary, Chief Executive Officer and Chief Financial Officer; ensuring that the Board receives accurate, relevant and timely information about the Group's affairs; and ensuring regular engagement with major shareholders and other stakeholders.
CHIEF EXECUTIVE OFFICER Steve Ashmore	<ul style="list-style-type: none"> developing the Group's strategy for consideration and approval by the Board; implementing the agreed strategy; day-to-day management of the Group's operations; and being accountable to, and reporting to, the Board on the performance of the business.
INDEPENDENT NON-EXECUTIVE DIRECTOR Neil Cooper	<ul style="list-style-type: none"> being an alternative contact for shareholders at Board level other than the Chairman; acting as a sounding board for the Chairman; and reviewing the Chairman's performance. <p>Neil Cooper carries out the duties of a Senior Independent Director for the purposes of compliance with the QCA Code.</p>

The Board focuses on:

BOARD AND COMMITTEE STRUCTURE

- leadership;
- risk assessment and management;
- strategy, including ESG;
- performance; and
- monitoring safety, values and standards.

In addition, there is a formal schedule of matters reserved for the Board. The committees each have full terms of reference which can be found on the Company's website at www.hsshiregroup.com/investor-relations/corporate-governance.

Non-Executive Directors

As explained on page 51, the Company does not currently comply with the QCA Code in terms of its Board composition.

GOVERNANCE FRAMEWORK

THE BOARD	ROLE
Comprises six Directors, of whom four are Non-Executive, one of whom, Neil Cooper, is considered independent. The Board is supported by the Company Secretary.	<ul style="list-style-type: none"> Lead the Group. Promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. Oversee risk management and internal controls. Oversee strategy, including ESG. Oversee the Executive Management Team. Monitor performance. Set values and standards aligned with culture and encourage engagement.
COMPANY SECRETARY	ROLE
Daniel Joll	<ul style="list-style-type: none"> Support and advise the Board and committees (in a dual legal and company secretarial function).
AUDIT COMMITTEE	ROLE
Comprises one Independent Non-Executive Director and chaired by Neil Cooper, supported by the Company Secretary.	<ul style="list-style-type: none"> Monitor financial reporting. Monitor audit. Monitor effectiveness of risk management and internal controls. <p>Find out more in the Audit Committee Report on pages 58-62.</p>

CORPORATE GOVERNANCE CONTINUED

REMUNERATION COMMITTEE

ROLE

Comprises one Independent Non-Executive Director and chaired by Neil Cooper, supported by the Company Secretary, the HR Director and external remuneration and compensation advisers.

- Determine and review appropriate Board and senior executive remuneration policies and structures.
- Determine appropriate remuneration packages for the Board and senior executives.
- Review workforce remuneration and related policies, and the alignment of incentives and rewards with culture.

Find out more in the Directors' Remuneration Report on pages 67-68.

NOMINATION COMMITTEE

ROLE

Comprises Non-Executive Directors, including one Independent Non-Executive Director, chaired by Alan Peterson OBE, supported by the Company Secretary.

- Advise the Board on composition, membership and succession planning.
- Advise the Board on Board and senior appointments (taking into account skills, knowledge, experience, independence and diversity).
- Oversee Board evaluation, including determining and monitoring actions.
- People – promote the right culture and engagement, colleague development, ED&I and well-being.

Find out more in the Nomination Committee Report on page 57.

Director	Board (of 13) ¹	Audit Committee (of 7)	Remuneration Committee (of 6)	Nomination Committee (of 2)
Executive Directors				
Steve Ashmore	13	N/A	N/A	N/A
Richard Jones ²	4	N/A	N/A	N/A
Non-Executive Directors				
Alan Peterson OBE	13	N/A	N/A	2
Ernst Kastner ³	2	N/A	N/A	N/A
Neil Cooper ⁴	2	1	1	1
Thomas Sweet-Escott	12	N/A	N/A	N/A

1 For a 15-month period, due to the year-end extension

2 Appointed on 9 August 2024

3 Appointed on 7 January 2025

4 Appointed on 7 January 2025

All the individuals who were Directors as at 31 March 2025 offer themselves for re-election at the next AGM of HSS Hire Group plc to be held at 11.00am. on 25 September 2025.

The biographical details of each of the Directors, including details of their other directorships and relevant skills and experience, are on page 52 of this Annual Report and are also set out in the Notice of AGM. The Board recommends that shareholders approve the resolutions to be proposed at the AGM relating to the re-election of all of the Directors.

Terms and conditions and time commitments

The Chairman and Non-Executive Directors are all appointed pursuant to formal letters of appointment which outline, amongst other details, the remuneration and terms of appointment for each Director.

The Chairman and the Non-Executive Directors devote such time to the affairs of the Company as required, including attendance at meetings as reflected in the table on the left.

In order to facilitate proper debate and consideration, all Directors are expected to attend Board meetings and such committee meetings to which they are invited in person. The Executive Directors of the Company may attend certain meetings of the committees at the invitation of the Chair of the respective committee. These attendances are not recorded in the table set out above.

Conflicts of interest

Exponent and the Exponent Shareholders currently control 32.96% of the Company's issued shares.

Thomas Sweet-Escott is a partner at Exponent and Alan Peterson OBE has a long-standing business relationship with Exponent. The Group trades on an arm's length basis with certain Exponent portfolio companies.

In the event that HSS's relationship with any customers or other companies where any of the Directors are also appointed as directors becomes material by virtue of their trade with the Group or another business reason, the relevant Director would be expected to declare their connection to the customer/company and the Board would assess whether a conflict of interest arises and the appropriate action to be taken. There are no current or potential conflicts of interest between any duties owed by the Directors or senior management to the Company and their private interests or other duties.

Any Director's conflicts of interest are declared to the Board and recorded by the Company Secretary.

EFFECTIVENESS

Board composition

The Board and committees are considered to have an appropriate range of experience, skills and knowledge to fulfil their duties. Profiles of each of the members of the Board are provided on page 52. The Company is not currently compliant with QCA Code Principles 6(c) and 6(d). An explanation for this and confirmation that the Board considers that independence remains is set out on page 51.

The two Executive Directors, Steve Ashmore and Richard Jones, bring a variety of sector experience to the Board. Neil Cooper is considered independent and is a member of the Audit, Remuneration and Nomination Committees of the Board. The Remuneration Committee is chaired by the Independent Non-Executive Director, Neil Cooper. The Audit Committee is chaired by the Independent Non-Executive Director, Neil Cooper.

CORPORATE GOVERNANCE CONTINUED

Appointments to the Board

The Nomination Committee, which is composed entirely of Non-Executive Directors, is responsible for any future appointments to the Board. The Nomination Committee is chaired by the Chairman of the Board, Alan Peterson OBE.

Board evaluation

Internal evaluation of the Board and of our committees is explained on page 51.

Board training

As part of induction, any new Directors receive training from the Company's sponsors/brokers in relation to their responsibilities as a Director of a listed company. The Board also receives regular updates on legal and regulatory developments through the course of a financial year as reflected in the Chairman's Introduction on page 51.

Access to information and support

The Board is provided with an agenda, supporting papers and documentation ahead of each Board and/or Committee meeting to allow them time to read, review and consider the information and analysis presented. The Board also receives ad hoc updates on matters if required outside of the formal Board meeting timetable. The Board has access to the Company Secretary and can request independent advice at the Company's expense where it believes it is appropriate and valuable to do so. Senior management is frequently invited to present at Board meetings as deemed appropriate, and the Board can access such colleagues at any time.

ACCOUNTABILITY

Financial and business reporting

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. As set out in the Directors' Responsibility Statement (see page 71), the Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess HSS's position and performance, business model and strategy.

Risk management and internal control

The Board has overall responsibility for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives and for establishing and maintaining a sound system of risk management and internal control and then reviewing its effectiveness.

The principal risks and uncertainties facing the Company and how these are being managed/mitigated are detailed on pages 11 to 18.

The Group's risk management and internal control system is designed to manage the risks facing the Group and safeguard its assets. No system of internal control can provide absolute assurance against material misstatement or loss. The Group's system is designed to provide the Directors with reasonable assurance that issues are identified on a timely basis and are dealt with appropriately.

The Audit Committee (whose composition, remit and report are set out on pages 58-62) assists the Board in reviewing the effectiveness of the Group's risk management and internal controls, including financial, operational and compliance controls and risk management systems. This is carried out with the

assistance of the Chief Financial Officer and the Risk and Assurance Director and supported by the findings of specific projects/investigations completed by the Internal Audit team, which are presented to the Audit Committee during the financial year.

Whistleblowing

The Company has a formal whistleblowing process, whereby any colleague may, in complete anonymity, contact certain nominated members of senior management to raise any concerns. These concerns are then investigated and the results shared with the whistleblower for further discussion if appropriate/possible. This process is communicated to all colleagues at least annually and the policy and relevant details are made available to colleagues on a dedicated section of the Group intranet, HSS World, as well as detailed on posters in depot and office locations.

Whistleblowing notifications are reviewed at least annually by the Audit Committee.

Modern Slavery Act 2015

The Group published its Modern Slavery Act statement for the 2025 financial year on its website during the first six months of 2025, in accordance with guidelines.

Going concern

Note 1(e) to the Financial Statements sets out the basis on which the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

In determining whether the Going Concern basis of preparation is appropriate, the Group considers its ability to continue in operation whilst meeting its liabilities as they fall due for the foreseeable future. This assessment includes consideration of the Group's covenants in respect of the term loan and revolving credit facility (RCF).

Under the director's base case scenario, forecasts indicate a breach of the Group's financial covenants during the assessment period, albeit with sufficient liquidity headroom and cash reserves throughout. While no breach has occurred to date, the Directors have entered into constructive discussions with the Group's lending banks regarding a range of mitigating options including: securing short-term covenant waivers; refinancing existing facilities on revised terms, and implementing elements of the Group's strategic plan that would generate additional liquidity and reduce borrowings.

However, as the ongoing lender and strategic initiative discussions have not been concluded as at the date of approval of these financial statements, the Directors acknowledge the existence of a material uncertainty, which may cast significant doubt upon the Group's ability to continue as a going concern. This uncertainty arises from the potential covenant breaches in certain downside scenarios, feasibility and achievement of the group's strategic plan and the reliance on successful completion of the necessary resultant refinancing arrangements or in the absence, securing waivers from lenders. If these were not achieved, the Group may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

CORPORATE GOVERNANCE CONTINUED

Notwithstanding the above uncertainties, the Directors' expect the ongoing refinancing discussions and strategic initiatives to be successful. It is on this basis that they continue to adopt the going concern basis in preparing the Financial Statements included within this Annual Report.

Statement on disclosure of information to the auditor

The Directors who held office as at 5 October 2025 each confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Remuneration

The Remuneration and Audit Committees are composed of one Director who is independent and is able to judge and achieve an appropriate balance between incentivising Executive Directors and the potential impact on the Company's risk profile.

The Remuneration Committee (whose composition, remit and report are set out on page 54 and pages 63 to 68) sets the policy for and terms of executive remuneration.

RELATIONS WITH SHAREHOLDERS AND OTHER CAPITAL PROVIDERS

Shareholder engagement

The Board remains committed to communicating with shareholders and stakeholders in a clear, open manner and seeks to ensure effective engagement through the Company's website, its public announcements, the AGM and other investor relations activities.

The Company's engagement activities during FY25 are detailed on page 56.

The Company reports its financial results to shareholders twice a year, with the publication of its Annual and Half-Year Financial Reports. Shorter, less detailed trading updates are also provided to the market periodically.

All of the above-mentioned reports are made available for download to shareholders in the investor relations section of the Company's website, www.hsshiregroup.com/investor-relations

Annual General Meeting

The Company's AGM is planned to be held at 11.00am. on 25 September 2025. Details of the resolutions proposed and being voted on are included in the Notice of AGM provided to shareholders and are also available on the Group's website, www.hsshiregroup.com. Shareholders should refer to the Notice of Meeting and any further updates provided in the 'News and Resources' section at hsshiregroup.com regarding the 2025 AGM.

OVERVIEW OF BOARD'S WORK DURING FY25

The Board met 13 times during FY25, being a combination of scheduled meetings and ad hoc meetings to discuss the Group's special projects undertaken through the year.

Regular agenda items for the Board included, and will include in FY26:

- health and safety;
- operational and financial performance;
- ESG;
- risk management and the risk register;
- reviewing, setting and approving strategy;
- colleague/stakeholder/shareholder engagement, values and culture;
- finance and banking arrangements;
- major capital expenditure;
- governance around special projects; and
- evaluation of acquisition/disposal opportunities (as applicable).

The Board delegates authority to the following Committees and receives updates on their activities at each Board meeting:

- Audit Committee;
- Remuneration Committee; and
- Nomination Committee.

SIGNIFICANT SHAREHOLDERS

Based on TR-1 notifications received, the parties who hold 3% or more of the issued share capital of the Company as at 5 October 2025 are as follows:

Name	Number of ordinary shares of 1p	% holding
Exponent ¹	235,681,708	32.96
Ravenscroft (CI) Limited ²	207,796,558	29.06
Hestia Investments NV	39,000,000	5.45
Merchant Capital	25,651,000	3.59

¹ Comprises shareholdings held by Exponent Private Equity Partners II, LP and Exponent Havana Co-Investment Partners, LP.

² Ravenscroft (CI) Limited is an investment services provider regulated by the Guernsey Financial Services Commission and Jersey Financial Services Commission, which holds certain shares on behalf of Ravensworth International Limited.

Details of Directors' interests in the Company's ordinary share capital are provided in the Directors' Remuneration Report on pages 63 to 68.

NOMINATION COMMITTEE REPORT

NOMINATION COMMITTEE REPORT

ALAN PETERSON OBE

Committee Chairman

ROLES AND RESPONSIBILITIES

The Committee's full terms of reference can be found on the Company's website at www.hsshiregroup.com/investor-relations/corporate-governance. Its key responsibilities include:

- leading a formal, rigorous and transparent process for Board appointments and making recommendations to the Board;
- reviewing the structure, size and composition of the Board, including its skills, knowledge, independence and diversity (including of gender, social and ethnic backgrounds, and cognitive and personal strengths) and making recommendations to the Board;
- succession planning, including overseeing the development of a diverse pipeline for succession;
- strategic issues and commercial changes affecting the Group and the market in which it operates;
- Board and sub-committee performance evaluation; and
- stakeholder engagement.

DEAR SHAREHOLDER

On behalf of the Nomination Committee (the Committee), I am pleased to present our report for the 2025 financial period ended 31 March 2025.

Our approach

The Committee's primary purpose is to ensure that the Group has the best possible leadership and clear plans for Director and senior management succession alongside colleague development and engagement. Its primary focus is therefore to concentrate upon the strength of the Board and the selection of the best candidates for posts, based on objective criteria.

Policy on diversity

In performing its activities through the year, the Committee has applied the Group's equality and diversity policy, which it believes is appropriate for application at all levels of the business, including Board and senior management appointments and succession planning. Further detail on the Group's equality and diversity policy is provided on page 24 for ProService and 32 for THSC.

Activities

The Committee had two scheduled meetings in FY25.

At the meeting held in February 2024, the actions for the findings of the internal Board evaluation in respect of FY23 were considered and the resulting actions for 2024, as reported in the 2024 Annual Report and set out below, were agreed. Other agenda items included review and approval of the Company's S.172 statement and review and approval of the Committee's terms of reference.

At the meeting held in March 2025, the Committee focused on reviewing the key management teams for the ProService and THSC businesses, succession planning and colleague engagement and well-being.

The actions for 2024 agreed by the Committee have been reviewed by the Committee and also by the Board, noting in particular as follows:

- **Stakeholder interests & engagement** – from a colleague perspective, the Board has had good, direct engagement with a wider population of colleagues at Board meetings, including managers from both the ProService and THSC businesses. From a shareholder perspective, there had been poor attendance at the AGM which had not facilitated shareholder engagement through that forum. The Board had expressed a wish to hold a Capital Markets day in the coming financial year.
- **Recruitment & succession planning** – as noted, strong management teams are in place for the ProService and THSC businesses. Digital and marketplace expertise is developing well in the ProService business, but will be kept under review.
- **ESG programme** – the Committee continues to be impressed with progress in this area, which is described in more detail on pages 7 to 10.

Looking ahead

In FY26, the Committee has two scheduled meetings and any additional meetings will be arranged as required.

Alan Peterson OBE

Chair of the Nomination Committee

5 October 2025

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Neil Cooper

Committee Chairman

ROLES AND RESPONSIBILITIES

The Committee has responsibility for overseeing the financial reporting and internal financial and risk management controls of the Company, as well as maintaining an appropriate relationship with the external auditor and reporting its findings and recommendations to the Board.

Its key responsibilities include:

- receiving and reviewing the Annual Report and Accounts, Half-Year Financial Statements and all related public financial announcements, and advising the Board on whether the Annual Report and Accounts are fair, balanced and understandable;
- receiving and reviewing reports from the external auditor;
- monitoring the external auditor's effectiveness and independence and approving its appointment and its terms of engagement;
- monitoring the effectiveness of the Group's risk management system;
- reviewing the effectiveness of the Group's system of internal financial controls and internal control and compliance systems, in relation to the financial reporting process (see page 59) and advising the Board as appropriate; and
- overseeing the Group's procedures for detecting fraud and whistleblowing arrangements.

DEAR SHAREHOLDER

On behalf of the Audit Committee (the Committee), I am pleased to present our report for the 15-month period ended 31 March 2025.

The Committee has reviewed the contents of the FY25 Annual Report and Accounts and advised the Board that it considers the report to be fair, balanced and understandable, and provides the information necessary for readers to assess the Company's position and performance, business model and strategy.

It has been a year of change for the Committee, with the former Audit Committee members Doug Robertson and Amanda Burton stepping down from their roles in January 2025 and October 2024 respectively. Having been a part of the Board and Committee since January 2015, I would like to recognise their work for the Committee throughout their tenure and thank them for their contributions.

Despite difficult trading conditions throughout the period, the Group has delivered significant progress against its long-term strategic aims of operationally separating the ProService and THSC divisions, as well as divesting the Group's Power division and with a divestiture of the Group's operations in the Republic of Ireland taking place subsequent to the balance sheet.

Core activities

The Committee met seven times in FY25. One of the seven meetings was held in person and six were conducted via videoconference. All members attended the FY25 meetings that took place whilst they were members of the Committee.

The Committee's core activities during FY25 included, and will include in FY26:

- reviewing and challenging management's assumptions and enhancing disclosure in areas of judgement and estimates within the notes to the Financial Statements;
- establishing that the Annual Report, taken as a whole, is fair, balanced and understandable via review of the document and gaining an understanding as to how it was completed;
- reviewing internal control systems and policies;
- regular review of the work and findings of the Internal Audit function;
- considering risk management systems;
- reviewing the risk register; and
- meeting with the external auditor, agreeing its audit plan and assessing its findings.

Ad hoc activities

Specific additional work streams undertaken by the Committee during the year and up to accounts approval included:

- detailed review and challenge to ensure robustness of going concern modelling throughout the year (see next pages);
- reviewing the calculations involved in identifying the impairment recorded against the Group's HSS Core Operations CGU, including significant estimates and judgements;
- reviewing the calculations involved in concluding there was no impairment to record against the Group's HSS ProService CGU, including significant estimates and judgements;
- reviewing and confirming the Company's capacity to pay an interim dividend;
- reviewing the work carried out investigating stock losses and, where appropriate, improving operational processes and subsequent recovery via customer charges;
- reviewing the work carried out for further improvement in Group operational segmental reporting;
- reviewing the disclosures in respect of the disposal of the Power businesses during the year, including the presentation of their results as a discontinued operation;
- reviewing the disclosures in respect of the Asset Held for Sale in respect of HSS Hire Ireland Limited at the year end and the presentation of their results as a discontinued operation;
- reviewing and approving the disclosures in respect of events subsequent to the balance sheet date;
- reviewing and approving the Group's tax strategy and policy; and
- assessing and approving the three-year plan for the Internal Audit function.

The Committee's full terms of reference can be found on the Company's website at hsshiregroup.com/investor-relations/corporate-governance

AUDIT COMMITTEE REPORT CONTINUED

External financial reporting

The Committee is responsible for monitoring and reviewing the Financial Statements and reviewing compliance with legal, regulatory and statutory requirements, giving consideration to the provisions of the QCA Code.

The Committee reviewed the Annual and Half-Year Financial Statements along with trading and market updates released during the year. This year there was a continued focus on the appropriateness of estimates and judgements as well as the following significant areas:

- Hire stock existence and valuation
- Segmental reporting review
- Cash generating unit review
- Carrying value of goodwill and other intangible and tangible assets
- Revenue recognition – cut-off, sales rebate and credit note provisions
- Debtor recoverability
- Discontinued operations and the disposal of the Power businesses
- Asset held for sale
- Internal control and management override
- Value creation plan (VCP)
- Management assessment of going concern
- Events subsequent to the balance sheet date
- Non-underlying and exceptional items

These areas are identified as significant due to their complexity, size, level of judgement required and/or potential impact on the Financial Statements and our strategy.

An overview of each of these areas is set out on the next pages:

Hire stock existence and valuation

Rental income earned on materials and equipment held for hire which is owned by the Group (hire stock) remains a large component of the Group's revenues. As such, the existence of hire stock is important to the ongoing ability of the Group to generate revenue from its assets. Certain of the Group's funding arrangements are also linked to specific assets or asset classes. The Committee has therefore given careful consideration to the controls in place to verify the physical existence, the useful economic lives of asset classes and appropriate valuation of hire stock, together with the processes for verifying the reliability of the accounting systems and records and we have concluded that appropriate systems are in place.

Segmental reporting review

In the previous financial year, the Group revised its reportable operating segments to ProService, Operations – UK, Operations – Ireland and Central. After careful consideration and appropriate challenge, the Committee concluded the new segments to be reflective of how the business is now managed, consistent with revised internal reporting and in line with IFRS 8.

During the current period, as part of a continual improvement approach to segmental disclosures, the Committee reviewed the additional details added to the disclosures in the current period, as well as the restatement following further changes to the Corporate costs category in the period (see note 5). The Committee concluded that these improvements are in line with IFRS 8 as well as providing more useful detail to the users of the accounts.

Cash generating unit (CGU) review

Following the changes in the previous period, along with the disposal of the Group's Power businesses, the Committee reviewed the previous conclusions in respect of CGUs to ensure they remain appropriate following the changes to the Group's structure during the period.

The Committee concluded that the current CGU structure remains the most appropriate under IAS 36.

Carrying value of goodwill and other intangible and tangible assets

The carrying value of goodwill, other intangible and tangible assets was tested as part of year-end reporting. At the interim reporting date, a review was carried out which did not identify an impairment. A full review was performed at the year-end date.

The Group's methodology has been consistent with that used in FY23, with the exception of the disposal of the Power CGU and the testing of the HSS Core Ireland CGU using a FVLCTS based upon the post-year-end disposal values. The review takes account of market outlook, risk-adjusted discounted future cash flows, sensitivities and other factors which may have a bearing on impairment considerations.

As a result of this work, an impairment charge was identified against the Group's HSS Operations – UK CGU of £113.5m, which resulted in all of the £64.3m of goodwill allocated to the CGU being impaired. In addition to goodwill, segmental assets were impaired for a total of £49.2m recognised against software then allocated pro-rata against property, plant and equipment and right of use assets.

The Committee has considered a number of scenarios in reviewing the accuracy and completeness of the impairment charge, including the significant estimates and judgements included in the calculations, along with a number of downside scenarios. No impairment charge was identified against the Group's other CGU, HSS ProService.

AUDIT COMMITTEE REPORT CONTINUED

Revenue recognition – cut-off, sales rebates and credit note provisions

The Committee examined the procedures and controls in place to ensure that the reporting and recognition of revenue, especially for open hires over the year end, and also the recognition of any revenue-related rebate accruals or credit note provisions, is appropriate and complete. Following these reviews, the Committee has concluded that the procedures, controls and provisions are adequate.

Debtor recoverability

The Committee reviewed the methodology and judgements applied in arriving at the Group's expected credit loss provisions in relation to trade debtors and accrued income, and in particular the risk weighting applied to historical loss rates to reflect the uncertain economic climate. The Committee also reviewed the disclosures made in this regard and concluded these were complete and accurate.

Discontinued operations and the disposal of the power businesses

During the period, in March 2024, the Group disposed of a number of subsidiaries that collectively form the HSS Power CGU. The Committee has reviewed the accounting for the disposal, including the discontinued operations disclosures. The review included consideration of the presentation of the cash flows associated with the transaction and their disclosure in the primary statements and notes.

The Committee has satisfied itself that the disclosures, including presentation of the disposal and discontinued operations are in keeping with IFRS 5.

Asset held for sale

During the year, the Group entered into a Share Purchase Agreement (SPA) to sell the Group's Republic of Ireland business with a third party. The Committee has reviewed the disposal accounting as discussed within the post balance sheet events notes and the discontinued operations disclosures, as well as the judgement that this represented a disposal group classified as held for sale at the period end.

The Committee has concluded that the judgement in respect of the classification as an asset held for sale is appropriate and that the post balance sheet events disclosures are complete and accurate.

Management assessment of going concern

The Committee has spent a significant amount of time in the current period reviewing and challenging the Group's forecasts and advising the Board on going concern throughout the year, particularly when approving the Half-Year Financial Statements and entity statutory accounts.

At 31 March 2025, the Group's financing arrangements consisted of a drawn senior finance facility of £57.5m, and an undrawn revolving credit facility (RCF) of £20.0m, of which £5m was drawn as on 1 April 2025. Cash at the balance sheet date was £23.9m (excluding cash within disposal groups) providing available liquidity of £43.9m (2023: £56.9m). Since the year end, following the sale of the HSS Ireland business for £24.3m (see note 34), the Group has repaid £17.6m of senior finance facility leaving a balance of £39.9m remaining. Both the senior finance facility and RCF are subject to net debt leverage and interest cover financial covenant tests each quarter. At the financial year end the Group had 34% and 29% headroom against these covenants respectively (2023: 44% and 54% respectively).

With regard to the assessment of going concern, the Committee has reviewed the Group's cash flow forecasts, taking into account strategic initiatives and sensitivity analysis based on the possible changes in trading performance in an uncertain market environment. This included consideration of the cash flow and liquidity impact of the disposal of HSS Hire Ireland Limited subsequent to the balance sheet date.

The Group's original base case for the period to 30 September 2026 took into account strategic initiatives and trading performance in an uncertain market environment. This assessment also includes consideration of the Group's covenants in respect of the term loan and RCF.

The base case view did not initially identify any factors that suggest the going concern basis might not be appropriate. The Committee was then made aware of post-year-end forecasts which, due to a number of downside assumptions (including revenue decreases in line with the continued challenging market conditions) showed forecast breaches of the Group's covenants if actual outcomes were in line with these revised forecasts, as well as the Group's existing financing facilities that would be due to expire on 30 September 2026 without a successful refinancing exercise.

The Committee have reviewed the conclusion of the Directors, that there is a material uncertainty, which may cast significant doubt upon the Group's ability to continue as a going concern. The Committee concur that the uncertainty arises from the potential covenant breaches in certain downside scenarios, feasibility and achievement of the group's strategic plan and the reliance on successful completion of the necessary resultant refinancing arrangements or in their absence, securing waivers from lenders.

In addition, the committee agrees that if these were not achieved, the Group may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

The Committee is aware that the Directors have entered into constructive discussions with the Group's lenders regarding a range of mitigating options and that, as separately announced today, the Directors have entered into several arrangements to resolve the covenant issue.

The Committee has considered the impact of the three announcements on going concern, specifically that:

An arrangement between HSS ProService and Speedy Hire for ProService's platforms to be used to serve Speedy's customers, with the hire contracts fulfilled using Speedy's distribution network and plant,

A buyer has been identified for THSC following the Board's strategic review of the business, and;

Consent has been arranged with the Group's lenders for the proposed transactions, which also include the provision of a covenant waiver and adjustment for the post-disposal period to allow the Group time to embed the operational changes, but no commitment to refinance the Group's existing bank facilities at the end of their current term.

As these initiatives have been announced today, in parallel with the results, the Committee believes preparing the financial statements on a going concern basis remains appropriate. However, the Committee also agrees with the Directors' assessment that there is an inherent material uncertainty that may give rise to significant doubt over going concern until refinancing discussions are completed in full.

AUDIT COMMITTEE REPORT CONTINUED

Non-underlying and exceptional items

The Committee reviewed with management the presentation of the results for the first time on an underlying and non-underlying basis. This included consideration of the clarity of the disclosures for users of the Financial Statements, interaction with segmental reporting and Alternative Performance Measures (APMs).

The review also included consideration of the accounting policies being applied by the Group and the distinction between non-underlying and exceptional items as presented in the notes to the Financial Statements.

The Committee concluded that, given the size and nature of these items, and the associated disclosures in the notes to the Financial Statements, the approach adopted is appropriate. The Committee also agree that the revised method of presentation provides a more complete picture of the underlying business performance for users, whilst emphasising that these should always be considered alongside GAAP measures.

External auditor

The Committee oversees the Group's relationship with BDO and formally reviews the relationship, policies and procedures to ensure its independence. BDO also reports to the Committee on the steps it has taken through the year to safeguard its independence and to comply with the relevant professional and regulatory requirements. The BDO partner in charge of the audit is Ian Clayden, who is in his second year with the Company having taken over from the previous BDO partner in the previous year. The maximum term for which a partner in charge can perform the role is five years.

BDO has been the auditor to certain companies within the Group for 20 years since its appointment in respect of the 2004 year end, with the lead audit partner being rotated on a regular basis. The last tender for the audit of HSS Hire Service Group Limited and its subsidiaries occurred in 2005.

BDO has been auditor to HSS Hire Group plc, for ten years, following its incorporation in January 2015. It is the Group's intention to put the audit out to tender at least once every ten years. The Company has therefore complied with the relevant provisions of the Competition and Markets Authority Final Order on the statutory audit market and the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/649) and the transitional arrangements therein for the period ended 31 March 2025.

During the period, the Committee has reviewed and agreed the scope of BDO's work, its audit fees and terms of engagement for the Half-Year Financial Statements review and full-year FY25 audit. The fees for both audit and non-audit services paid to BDO are set out in note 9 to the Consolidated Financial Statements.

The Committee also reviewed the effectiveness of the external audit process during the year and continued to note improvements compared with prior financial years. This assessment was based on the Committee's interaction with BDO at Committee meetings, during separate meetings between the Audit Committee Chair and audit partner and through feedback from the Group Finance team on its interaction with BDO. As a result of this exercise, the Committee has satisfied itself that BDO continues to provide an effective external audit service to the Company and its subsidiaries, and the Committee has made a recommendation to the Board that a resolution for the re-appointment of BDO be proposed at a general meeting.

Non-audit work and independence

The Committee maintains a policy for non-audit services provided by the Group's external auditor which segregates services into Permitted Engagements, Excluded Engagements and Potential Engagements. The policy is available on the Group's website at hsshiregroup.com/investor-relations/corporate-governance. The policy is designed to ensure that in the event the Group's external auditor is engaged to provide non-audit services the provision of those services does not impair, nor can it be seen to impair, the external auditor's independence and objectivity.

During FY25, BDO provided non-audit-related services to the Group; these totalled £191,835 representing 13.5% of the total fees payable to BDO. The non-audit fees relate to reviewing the a review engagement on an internal corporate restructuring transaction and interim financial reporting and the annual lender reporting. Notwithstanding the non-audit fees, the Committee concluded that the independence of the external auditor has not been compromised in any way.

Risk management and internal controls

An overview of the Company's approach to risk management and internal controls through FY25, together with a summary of the principal risks facing the Group, is provided on pages 11 to 18.

During FY25, the Committee reviewed the overall risk management and internal control framework, the work and role of the Internal Audit team and the underlying process for capturing and reporting risk and control data.

This assessment was assisted through the provision of various documents through the year by the Chief Financial Officer, Risk and Assurance Director and other senior personnel in the head office functions. These documents included but were not limited to quarterly risk management summary documents, which assess any changes in risk profiles, descriptions and ratings through the year; and quarterly summaries of work completed and planned by the Internal Audit team, assessing both areas of risk and the existing controls in place. In addition, the Committee has completed a review of the FY26 audit plan for the Internal Audit function to ensure that it continues to cover the full scope of HSS activities as the business and wider environment continue to develop.

It is pleasing to note that the Group continued to have a sharp focus on the management of risk in the year, with each business developing separate risk registers that feed into the overall Group risk register and assurance work undertaken or planned aligned with those risks.

As a result of this review, and the work streams undertaken through the year, the Committee has satisfied itself that the Group has an appropriate risk management and internal control framework in place. This work will continue in FY26.

AUDIT COMMITTEE REPORT CONTINUED

Financial reporting and preparation of accounts

The main features of the Group's risk management and internal controls in respect of financial reporting and the preparation of accounts are:

- a comprehensive annual business planning and budgeting process, subject to Board approval, through which risks are identified and considered;
- a single financial reporting system within which actual and forecast results are compared with approved budgets on a monthly basis and reviewed by the Board;
- Group accounting policies, which are regularly reviewed and reported against at Audit Committee; and
- an investment evaluation process to ensure operating and capital expenditure is properly approved.

Whistleblowing

The Committee believes that appropriate arrangements and policies are in place to facilitate the proportionate and independent investigation and implementation of appropriate follow-up action in relation to confidential concerns raised by staff via the whistleblowing process (see page 55). The Committee confirmed the steps taken to ensure awareness of the policy and process across the business remained in place and conducted a review of the Group's whistleblowing register.

Meeting schedule

The Committee meets at least four times a year at appropriate times in the financial reporting and audit cycle. Additional meetings can be scheduled where deemed necessary by the Chairman. The external auditor, Chief Financial Officer and Risk and Assurance Director are normally invited to attend a number of these meetings. Other members of the senior management team attend as invited and as appropriate to the content matter being discussed.

Neil Cooper

Committee Chairman

5 October 2025

DIRECTORS' REMUNERATION REPORT

Neil Cooper

Chair of the Remuneration Committee

ROLES AND RESPONSIBILITIES

The Committee's terms of reference can be found on the Company's website at www.hsshiregroup.com/investor-relations/corporate-governance/.

Its key responsibilities include:

- determining the Company's policy on remuneration for Executive Directors and the wider leadership team to support sustainable growth; and
- ensuring the Company complies with disclosure requirements of the QCA Code.

DEAR SHAREHOLDER

I am pleased to present, on behalf of the Board, our Directors' Remuneration Report for the period ended 31 March 2025, my first since becoming Chair of the Remuneration Committee. The report comprises three sections:

- This annual statement
- The Group's Directors' Remuneration Policy (the Policy)
- The Annual Report on Remuneration, which provides details of the amounts earned by Directors in respect of the period ended 31 March 2025.

The Directors' Remuneration Report is subject to an advisory vote at the 2025 AGM. The Remuneration Committee believes the advisory vote provides a greater degree of accountability in providing shareholders a say on executive pay.

Review of the Policy

Our current Policy was approved by shareholders as part of an advisory vote on the 2021 Directors' Remuneration Report at the 2022 AGM and has now reached the end of its three-year term. A new Policy will therefore be subject to shareholder approval at the 2025 AGM, as part of an advisory vote on the Directors' Remuneration Report for the period ended 31 March 2025.

The Committee has reviewed the current Policy and concluded that it remains fit for purpose. Therefore, no material changes are proposed.

Executive Director changes during the period ended 31 March 2025

Paul Quedstedt stepped down as CFO and as a member of the Board on 30 August 2024. The treatment of his remuneration arrangements are set out on page 68.

Richard Jones was appointed as interim CFO and as a member of the Board on 9 August 2024. He was initially appointed on a day rate of £2,500/day and has since transitioned on to a fixed-term service agreement ending 31 December 2025, receiving an annual salary of £350,000.

Following the separation of ProService and Operations (now THSC), as part of the new structure, Steve Ashmore was appointed as Executive Chairman on 1 October 2024. Steve Ashmore remains on the Board as an Executive Director and continues to receive an annual salary of £409,609 and remains eligible for an annual bonus award.

Salary and fee increases effective from 1 July 2024

Steve Ashmore received a 3% salary increase effective from 1 July 2024. This was in line with the average salary increase for the wider workforce. The Non-Executive Directors did not receive a fee increase effective from 1 July 2024. Neil Cooper and Ernst Kastner were appointed as Non-Executive Directors on 7 January 2025. Neil Cooper receives a basic fee of £57,000 per annum reflecting his base fee plus Chair of Audit and Remuneration Committee fees. Ernst Kastner receives a basic fee of £40,000.

Performance and variable pay outcomes for the period ended 31 March 2025

Paul Quedstedt received a bonus payment equal to 100% of salary (£286,761) to recognise his significant contribution towards successfully completing the separation of ProService and THSC. Neither Steve Ashmore nor Richard Jones received a bonus in respect of the period ended 31 March 2025.

REWARD FOR FY26

Executive Director salaries

In line with the salary review timetable for all other employees, Steve Ashmore's salary will be reviewed during September 2025. Any increase is expected to be modest and will be at most in line with the range of salary increases awarded to other colleagues. Richard Jones is on a fixed-term service agreement ending 31 December 2025 and receives an annual salary of £350,000. There is no intention to increase his salary during this term.

Incentive arrangements

In line with previous years, Steve Ashmore will participate in an annual bonus with a maximum opportunity equal to 100% of salary. Richard Jones will participate in an annual bonus with a maximum opportunity equal to 50% of salary.

Steve Ashmore currently participates in a Value Creation Plan (VCP), the terms of which were updated in October 2024 to reflect the separation of the commercial and operational activities of ProService and THSC (see page 1). Steve Ashmore will not be granted any additional long-term incentive arrangements during FY26. Richard Jones will not participate in any long-term incentive arrangements.

Colleague engagement and well-being

The separation of the two businesses has enabled each to independently shape and advance its own people agenda, tailored to their individual needs and strategic direction. This has fostered more targeted initiatives and greater agility in addressing workforce priorities. Both businesses remain firmly aligned in their commitment to creating a supportive and inclusive working environment. Colleague engagement, well-being, and a strong sense of belonging continue to be shared priorities, reflecting a unified Group-wide ethos that places people at the heart of long-term success.

Conclusion

We aim to provide clear and transparent reporting on executive remuneration, taking into account good governance practice amongst larger AIM-listed companies. I will be available to respond to any questions shareholders may have on this Directors' Remuneration Report or in relation to any of the Committee's activities at the general meeting.

Neil Cooper

Chair of the Remuneration Committee
5 October 2025

DIRECTORS' REMUNERATION POLICY

POLICY TABLE FOR EXECUTIVE DIRECTORS

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To provide a competitive base salary for the market in which the Group operates to attract and retain Executives of a suitable calibre.	Salaries are usually reviewed annually taking into account a number of factors, including (but not limited to): <ul style="list-style-type: none"> – underlying Group performance; – role, experience and individual performance; – competitive salary levels and market forces; and – pay and conditions elsewhere in the Group. 	While there is no maximum salary, increases will normally be in line with the range of salary increases awarded (in percentage of salary terms) to other employees in the Group. Salary increases above this level may be awarded to take account of individual circumstances, such as, but not limited to: <ul style="list-style-type: none"> – where an Executive Director has been promoted or has had a change in scope or responsibility; – an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time); – where there has been a change in market practice; or – where there has been a change in the size and/or complexity of the business. Increases may be implemented over such time period as the Committee deems appropriate.	Not applicable.
Benefits	To provide broadly market-competitive benefits as part of the total remuneration package.	Executive Directors receive benefits in line with market practice, and these include life insurance, private medical insurance, company car or car allowance and, where relevant, relocation expenses. Other benefits may be provided based on individual circumstances. These may include, for example, travel expenses.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.	Not applicable.
Retirement benefits	To provide an appropriate level of retirement benefit (or cash allowance equivalent).	Executive Directors are eligible to participate in the Group defined contribution pension plan. In appropriate circumstances, such as where contributions exceed the annual allowance, Executive Directors may be permitted to take a cash supplement of equivalent value instead of contributions to a pension plan.	Maximum contribution is 10% of salary.	Not applicable.

DIRECTORS' REMUNERATION POLICY CONTINUED

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	Rewards performance against targets which support the strategic direction of the Group.	<p>Awards are based on performance (typically measured over a financial year) against key financial targets and/or the delivery of strategic/individual objectives.</p> <p>For up to two years following the payment of a bonus award, clawback provisions will apply such that the Committee may require the repayment of some or all of the award in the circumstances set out at the foot of this table.</p> <p>The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance over the performance period.</p>	Maximum annual bonus opportunity is 100% of salary.	<p>Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual targets.</p> <p>At least 75% of the annual bonus is assessed against key financial performance measures of the business and the balance may be based on non-financial strategic/personal objectives.</p>

Circumstances in which malus and/or clawback may apply

- A material misstatement of the Group's financial results;
- An error in the information or assumptions on which the award was granted or vests including an error in assessing any applicable performance conditions;
- A material failure of risk management by the Group;
- Serious reputational damage to the Group;
- Material corporate failure; or
- Material misconduct on the part of the participant.

Explanation of performance measures chosen

Performance measures are selected that are aligned with the performance of the Group and the interests of shareholders. Stretching performance targets are set each year for the annual bonus. When setting these performance targets, the Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and the economic environment. Full vesting will only occur for what the Committee considers to be stretching performance.

Shareholding guidelines

In order to foster further alignment of the Executive Directors' long-term interests with those of shareholders, share ownership guidelines are in place that expect the Executive Directors to build and hold a meaningful shareholding in the Company. This does not relate to Richard Jones given the short-term nature of his engagement.

Policy table for Non-Executive Directors

Purpose and link to strategy	Approach of the Company
Non-Executive Directors' fees are set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	<p>Fees are normally reviewed annually.</p> <p>Fees paid to the Chairman are determined by the Committee. Fees paid to other Non-Executive Directors for their services are approved by the Board. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of Board committees or holding the office of Senior Independent Director).</p> <p>Typically, any fee increase will be in line with the wider workforce. Fee increases may be awarded above this level in certain circumstances such as (but not limited to):</p> <ul style="list-style-type: none"> – where there has been a change in market practice; – where there has been a change in the size and complexity of the Company; or – where there has been an increase in the Non-Executive Director's time commitment to the role. <p>Overall fees paid to Non-Executive Directors will remain within the limits set by the Company's Articles of Association.</p> <p>Non-Executive Directors cannot participate in any of the Company's share schemes or annual bonus and are not eligible to join the Company's pension scheme. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate.</p>

DIRECTORS' REMUNERATION POLICY CONTINUED

Policy for the remuneration of employees more generally

The Remuneration Policy applying to the Executive Directors and senior leadership team is similar to the policy for the wider management team and senior functional colleagues in that a significant element of remuneration is dependent on Company and individual performance and all are typically working towards the same financial measures in annual bonus schemes. The key principles of the remuneration philosophy are applied consistently across the Group below this level, taking into account seniority and market practice. Base salaries are reviewed annually and increases become effective from 1 September. The Committee is kept informed of salary increases across the wider workforce.

Recruitment remuneration

The policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate.

The Committee will take into consideration a number of relevant factors, which may include the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited. The Committee will typically seek to align the remuneration package with the above Policy. The Committee may include other elements of pay which it considers are appropriate, where the Committee believes there is a need to do so in the best interests of the Company and shareholders.

The Committee may make payments or awards in respect of hiring an employee to 'buyout' remuneration arrangements forfeited on leaving a previous employer. When doing so the Committee will take account relevant factors including any performance measures attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited. Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the fee policy in place at the time of appointment.

Service contracts and letters of appointments

Steve Ashmore's service contract is on a rolling basis and may be terminated on 12 months' notice by him or the Company. Richard Jones is on a fixed-term service contract ending 31 December 2025, and may be terminated on three months' notice by him or the Company. Service contracts for new Executive Directors will not exceed 12 months' notice by the Company.

All Non-Executive Directors have fixed-term agreements with the Company of no more than three years.

Name	Date of initial appointment	Expiry of current term	Notice period
S Ashmore	1 June 2017	N/A ¹	12 months
R Jones	9 August 2024	31 December 2025	3 months
A Peterson	9 February 2015	9 January 2026	N/A
N Cooper	7 January 2025	7 January 2026	2 months
E Kastner	7 January 2025	7 January 2026	2 months
T Sweet-Escott ²	9 January 2015	9 January 2026	N/A

1. Steve Ashmore's service contract is on a rolling basis and has no defined expiry date.
2. Under the Relationship Agreement, Exponent is able to appoint a Non-Executive Director to the Board for so long as the Exponent shareholders are entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Mr Sweet-Escott is Exponent's current appointee.

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	The Company has discretion to make a payment in lieu of notice. Such a payment would include salary and compensation for benefits and pension contributions for the unexpired period of notice.
Annual bonus	This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award an annual bonus award in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the annual bonus period in question. Any annual bonus award amounts paid will normally be pro-rated for time in service during the annual bonus period and will, subject to performance, be paid at the usual time (although the Committee retains discretion to pay the annual bonus award earlier in appropriate circumstances).
Mitigation	The Committee's practice is that if an Executive Director's employment is terminated any compensation payment will be calculated in accordance with normal legal principles, including the application of mitigation to the extent appropriate to the circumstances of the termination.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.
Existing awards	The extent to which the VCP awards vest will be determined in accordance with the relevant rules under which they were granted.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

There is no entitlement to any compensation in the event of Non-Executive Directors' fixed-term agreements not being renewed or the agreement terminating earlier.

Shareholder views

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Executive and Non-Executive Directors' remuneration. The Committee consulted with major shareholders in relation to the VCP.

ANNUAL REPORT ON REMUNERATION

Single figure total table of Director remuneration

The following table sets out total remuneration for each Director in respect of the 15-month period ended 31 March 2025 and 12-month period ended 30 December 2023.

	Salary and fees		Benefits ¹		Pension		Annual bonus		ESA Plan ²		Total remuneration	
	£000		£000		£000		£000		£000		£000	
	31 Mar-25	30 Dec-23	31 Mar-25	30 Dec-23	31 Mar-25	30 Dec-23	31 Mar-25	30 Dec-23	31 Mar-25	30 Dec-23	31 Mar-25	30 Dec-23
Steve Ashmore ³	507	392	3	4	39	31	–	–	–	2,194	549	2,621
Richard Jones ⁴	278	–	–	–	–	–	–	–	–	–	278	–
Paul Quedsted ⁵	191	283	7	11	16	24	287	–	–	1,370	501	1,688
Alan Peterson OBE	197	160	–	–	–	–	–	–	–	–	197	160
Amanda Burton ⁶	39	53	–	–	–	–	–	–	–	–	39	53
Douglas Robertson ⁷	53	53	–	–	–	–	–	–	–	–	53	53
Thomas Sweet-Escott ⁸	40	40	–	–	–	–	–	–	–	–	40	40
Neil Cooper ⁹	13	–	–	–	–	–	–	–	–	–	13	–
Ernst Kastner ¹⁰	9	–	–	–	–	–	–	–	–	–	9	–

1. The taxable value of benefits received in the year, which are principally private medical insurance and company car allowance.

2. Steve Ashmore and Paul Quedsted were granted one-off cash-based awards under an Existing Schemes Award Plan (ESA Plan) on 25 February 2021. The awards vested on 1 January 2023. Full details are set out in the 2023 Directors' Remuneration Report.

3. Steve Ashmore's salary was increased by 3% from £397,679 to £409,609 with effect from 1 July 2024.

4. Richard Jones was appointed as interim CFO and as a member of the Board on 9 August 2024.

5. Paul Quedsted stepped down as CFO and from the Board on 30 August 2024 and his remuneration to this date is included within the table.

6. Amanda Burton stepped down from the Board on 30 September 2024.

7. Doug Robertson stepped down from the board on 7 January 2025.

8. Thomas Sweet-Escott's fee is paid directly to Exponent.

9. Neil Cooper was appointed as a member of the Board on 7 January 2025.

10. Ernst Kastner was appointed as a member of the Board on 7 January 2025.

Annual bonus for the period ended 31 March 2025

Paul Quedsted received an exceptional bonus payment equal to 100% of salary £286,761 to recognise his significant contribution towards successfully completing the separation of ProService and THSC.

The strategic separation was a transformational milestone for the Group, involving significant financial, operations, regulatory, and organisational challenges. Paul played a pivotal role in overseeing the programme end-to-end, ensuring that both businesses emerged fully operational and positioned for long-term success. Although this was not in his initial bonus objectives, this was a critical project for delivery by him, and the Board believes this was appropriate, given the scale and importance of the work, and his contribution.

Neither Steve Ashmore nor Richard Jones received a bonus in respect of the period ended 31 March 2025.

Amendment to the terms of the VCP

On 25 February 2021, Steve Ashmore was granted a one-off award under a VCP. Participants would share in 20% of any increase in value of the Company up to the time of a defined exit event (the VCP Pool). Steve Ashmore was entitled to 33% of the VCP Pool.

The terms of and participation in the VCP were updated in October 2024 to reflect the separation of the commercial and operational activities of ProService and THSC. In particular, the VCP was separated into two arrangements; one for ProService participants and the other for THSC participants. The potential value that may be delivered under the VCP remains fundamentally unchanged; participants will continue to share in 20% of any increase in value of ProService or THSC, as relevant, up to the time of a defined exit event. Steve Ashmore is entitled to 22% of the VCP Pool in place for ProService participants.

Malus and clawback provisions will continue to apply. The Committee also have considered the impact of the strategic initiatives after the reporting period as discussed in note 34 and have concluded that they are not expected to trigger the VCP.

ANNUAL REPORT ON REMUNERATION CONTINUED

Payments made to former Directors and payments for loss of office during the period ended 31 March 2025

There were no payments made to former Directors during the period ended 31 March 2025.

Paul Qusted stepped down as CFO and as a member of the Board on 30 August 2024. The treatment of his remuneration arrangements is set out below. This was agreed by the Committee, in accordance with the terms of the Directors' Remuneration Policy, taking into account his significant contribution to the Group over the last eight years.

- He received a payment in lieu of notice of £332,735 covering base salary, pension and benefits for the period 1 September 2024 to 31 August 2025.
- He received a payment of £18,308 for untaken annual leave.
- He continued to receive private medical insurance until 1 April 2025.
- He was not eligible to receive a bonus for the period ended 31 March 2025. As set out on page 67, prior to stepping down as CFO, he received an exceptional bonus payment equal to 100% of salary to recognise his significant contribution towards successfully completing the separation of ProService and THSC.
- His VCP award lapsed in full.

Directors' share interests

The interests of the Directors and their connected persons in the Company's ordinary shares as at 31 March 2025 were as follows:

	Shares owned outright as at 31 March 2025 ²	Shares owned outright as a % of salary as at 31 March 2025 ²
Executive Directors		
Steve Ashmore	1,068,560	15.5%
Richard Jones	0	0%
Paul Qusted	219,926	5.3%
Non-Executive Directors¹		
Alan Peterson	2,408,955	N/A ¹
Amanda Burton	110,118	N/A ¹
Douglas Robertson	29,362	N/A ¹
Neil Cooper	0	N/A ¹
Ernst Kastner	0	N/A ¹

1. Non-Executive Directors are not subject to shareholding guidelines.

2. Or, if earlier, the date the Director stepped down from the Board.

As at 28 July 2025 the Company has not been advised of any changes to the interests of the Directors and their connected persons as set out in the table above.

Thomas Sweet-Escott holds no direct interest in the Company's ordinary shares. However, he has an indirect interest in the Company's ordinary shares as a result of his interest in Exponent.

Statement of voting at last AGM

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report.

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
Directors' Remuneration Report (2024 AGM)	504,832,266	99.95%	265,097	0.05%	25,127

Advisers to the Remuneration Committee

During the period ended 31 March 2025, the Committee received independent advice from Deloitte LLP in relation to the Committee's consideration of matters relating to Directors' remuneration. Deloitte is a founder member of the Remuneration Consultants Group and as such voluntarily operates under its Code of Conduct in relation to executive remuneration in the UK.

Approval

This Report was approved by the Board on 5 October 2025 and signed on its behalf by:

Neil Cooper

Chair of the Remuneration Committee

5 October 2025

DIRECTORS' REPORT AND OTHER STATUTORY DISCLOSURES

The table below details where certain other information, forming part of the Directors' Report, can be found within this Annual Report:

Information	Location within Annual Report
Dividends	Financial Review (page 5)
Directors' powers	Page 69
Directors' indemnities	Page 69
Statement on disclosure of information to the auditor	Corporate Governance (page 56)
Greenhouse gas emissions	ESG section (page 45)
Political donations and expenditure	Page 69
Financial instruments	Page 69
Events and developments impacting the Company	Page 69
Acquisition of own shares	Page 69
Equality and diversity	Pages 24 and 32
Employee engagement	Pages 24 and 32
Impact of change of control/takeover bid	Page 70
Directors' interests	Directors' Remuneration Report (page 68)
Share capital	Note 24 to the Financial Statements (page 117)
Restrictions on share transfers	Page 70
Significant shareholders	Relations with shareholders (page 56)
Shares related to employee share schemes	Page 70
Voting rights and restrictions	Page 70
Agreements between holders of securities	Page 70
QCA Corporate Governance Code	Page 51
Risk management and Principal risks and uncertainties	Pages 11 to 18
Matters of strategic importance	Pages 21 and 28

DIRECTORS' POWERS

At the AGM to be held on 25 September 2025, shareholders will be asked to renew the Directors' power to allot shares, grant rights to subscribe for or convert any security into shares or buy back shares in the Company and to renew the disapplication of pre-emption rights.

DIRECTORS' INDEMNITIES

In addition to the indemnity provisions in their Articles of Association, the Company and other Group companies have entered into a direct indemnity agreement with each of the Directors and certain other officers or senior employees of the Group. These indemnities constitute qualifying indemnities for the

purposes of the Companies Act 2006 (the 'Act') and remain in force at the date of approval of this Report without any payment having been made under them. The Company maintains Directors' and officers' liability insurance which gives appropriate cover for legal action brought against its Directors.

POLITICAL DONATIONS AND EXPENDITURE

At the AGM held on 26 June 2024, the Company and its subsidiaries were authorised to make certain political donations or incur political expenditure. No political expenditure was made by the Company or its subsidiaries during the FY25 year (FY23: £nil).

FINANCIAL INSTRUMENTS

Information on the Group's financial risk management objectives and policies and the exposure of the Group to market risk, credit risk, liquidity risk and cash flow risk is provided in note 26 to the Financial Statements.

EVENTS AND DEVELOPMENTS IMPACTING THE COMPANY

The likely future developments of the Company and Group are referred to in the Chairman's Statement on page 2 in the Strategic Report.

ACQUISITION OF OWN SHARES

At the AGM held on 26 June 2024, the Company was authorised to make market purchases of up to 105,748,193 of its ordinary shares. The Company has made no purchases of its own ordinary shares pursuant to this authority. This authority expires at the close of the 2025 AGM. A special resolution will be proposed at this year's AGM to authorise the Company to make market purchases of up to 107,266,932 ordinary shares.

EQUALITY AND DIVERSITY

The Group is committed to promoting diversity and creating a positive and supportive working environment for all colleagues. Maintaining awareness of diversity and having respect for all forms part of our colleague training.

The Group's policy is to recruit based on competence, experience and skills. No candidates, whether internal or external, will be discriminated against in respect of age, gender, sexual orientation, disability, race, religion, or beliefs, or on any other criteria unrelated to an individual's ability to perform in a role. We encourage colleagues to reach their full potential through open dialogue to calibrate performance and identify and implement additional training needs.

Activities undertaken during the financial year by the ProService and THSC businesses in these areas are described in their respective reports.

EMPLOYEE ENGAGEMENT

The Company is committed to communicating and engaging with colleagues and uses a variety of channels to do so.

Full details of our colleague and stakeholder engagement activities are included in the Strategic Report, on pages 48 to 49.

DIRECTORS' REPORT AND OTHER STATUTORY DISCLOSURES CONTINUED

IMPACT OF CHANGE OF CONTROL/TAKEOVER BID

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a change of control/takeover bid.

A number of the Group's funding agreements contain change of control provisions. These are summarised in the table below:

Funding agreement	Summary of change of control provision
Senior finance facility	Following a change of control, the Group would be required to offer to repay the outstanding sums, including an amount to cover accrued and unpaid interest which would be dependent on the remaining term.
Revolving credit facility	Following a change of control, all outstanding amounts, together with accrued interest, would become immediately due and payable.
Hire purchase arrangements (from various finance providers)	Certain of the Group's hire purchase arrangements have conditions where a change of control could lead to early repayment.

In addition, there are a number of commercial agreements which either the Company or a subsidiary of the Company is party to which are terminable upon a change in control of the Company or the Group following a takeover. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole. On a change of control, options and awards granted to senior managers under the Company's share plans may vest and become exercisable, subject to the extent to which any applicable performance conditions have been met at that time, as may the VCP awards granted to certain senior executives, as announced on 25 February 2021 and subsequently updated during the period, see page 118.

RESTRICTIONS ON SHARE TRANSFERS

Certificated shares

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer is (i) lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (ii) is in respect of one class of share only; and (iii) is in favour of not more than four transferees.

Uncertificated shares

Subject to the provisions of the Uncertificated Securities Regulations 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

SHARES RELATED TO EMPLOYEE SHARE SCHEMES

As announced on 24 May 2024, 5,818,910 ordinary shares in the capital of the Company were issued to the Company's employee benefit trust in satisfaction of share options granted in FY19 and FY21 which had been exercised. Subsequent to the year end, as announced on 2 June 2025, 3,404,025 ordinary shares in the capital of the Company were issued to the Company's employee benefit trust in satisfaction of share options granted in FY22 which had been exercised and on 19 August 2025, 901,991 ordinary shares in the capital of the Company were issued to the Company's employee benefit trust in satisfaction of share options granted in FY20 which had been exercised by certain participants.

VOTING RIGHTS AND RESTRICTIONS

Subject to the rights or restrictions set out below or detailed in the Notice of AGM, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he/she is the holder.

No member shall be entitled to vote at any general meeting in respect of a share unless all monies presently payable by him/her in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under Section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material respect, then the Board may, in its absolute discretion at any time thereafter by notice to such member, direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two but shall not be subject to any maximum number. Directors may be appointed by ordinary resolution of shareholders or by the Board.

Under the Relationship Agreement, Exponent is able to appoint a Non-Executive Director to the Board for so long as the Exponent Shareholders are entitled to exercise or to control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Mr Sweet-Escott is the current appointee. In addition, in accordance with the Relationship Agreement, Exponent has appointed an observer to attend Board meetings. Ravensworth International Limited has the right to appoint an observer to the Board, who can attend but not vote. This right will continue for so long as Ravensworth owns or controls 20% or more of the issued share capital of the Company. Such right has not been exercised currently since Ernst Kastner, who was the observer appointee by Ravensworth, was appointed as a Non-Executive Director with effect from 7 January 2025.

DIRECTORS' REPORT AND OTHER STATUTORY DISCLOSURES CONTINUED

At every AGM all Directors at the date of the Notice of AGM shall retire from office and resolutions for the re-appointment of those Directors who wish to be re-appointed shall be put to the meeting. All appointments are subject to the Company's Articles of Association and the annual re-election by shareholders.

The Company may remove any Director from office and appoint another person in place of a Director removed from office, both by ordinary resolution.

A person ceases to be a Director as soon as:

- he/she ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;
- he/she is subject to a bankruptcy order or compounds with his/her creditors generally;
- he/she becomes physically or mentally incapable of acting as a Director and may remain so for more than three months;
- he/she resigns or retires;
- he/she is absent for more than six consecutive months without permission of the Board from meetings of the Board held during that period and the Board resolves that his/her office be vacated; or
- he/she receives notice signed by not less than three-quarters of the other Directors stating that person should cease to be a Director.

AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by the passing of a special resolution at a general meeting of shareholders.

APPROVAL OF THE DIRECTORS' REPORT

The Directors' Report on pages 69 to 71 was approved by the Board of Directors on 5 October 2025 and is signed on its behalf by:

Steve Ashmore
Director

5 October 2025

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group or Parent Company will continue in business; and
- prepare a Directors' Report and a Strategic Report which comply with the requirements of the Companies Act 2006.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2025 and of the Group's loss for the 15-month period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of HSS Hire Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 15 month period ended 31 March 2025 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statements of Financial Position, the Consolidated Statements of Changes in Equity, the Consolidated Statement of Cash Flows, notes to the Consolidated financial statements, the Company Statements of Financial Position, the Company Statements of Changes in Equity, and notes to the Company financial statements, including a summary of material accounting policy information.

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

BASIS FOR OPINION

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

Independence

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 1e to the financial statements, which indicates that the Group is forecasting to breach the financial covenants attached to the Group's term loan and revolving credit facility (RCF), both of which fall due for repayment at the end of September 2026, and mitigating actions have not yet concluded.

As stated in note 1e, the Group is forecasting a breach of the Group's financial covenants during the assessment period and insufficient liquidity to settle the groups bank facilities at the end of September 2026. Should a breach of covenants occur, the facilities may be withdrawn and require immediate repayment. The Group's forecasted cash is insufficient to immediately repay these if repayment is demanded following a breach of covenants, or to repay the facilities at the settlement date.

The Directors have entered ongoing lender and strategic initiative discussions to resolve the covenant issue and to refinance the Group's existing bank facilities.

As is also stated in note 1e, consent has been arranged with the Group's lenders for two new Commercial Arrangements, which also include the provision of a covenant waiver and adjustment for the post-disposal period to allow the Group time to embed the operational changes, but no commitment to refinance the Group's existing bank facilities at the end of their current term.

These events or conditions, along with the matters described in note 1e, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. The financial statements do not include any adjustments that would be required if the financial statements were prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Based on our risk assessment and the matter set out above, going concern was determined to be a key audit matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of preparation of the financial statements and procedures in response to the key audit matter included:

With regard to the continuing business

- Assisted by our internal modelling experts, we assessed the arithmetic accuracy of the cash flow models and forecasted covenant calculations.
- We confirmed that the cashflows modelled agreed to the Board approved base case cashflow forecasts and that these are consistent with those used in the Group's impairment assessments.
- We challenged the significant judgements and estimates in management's cash flow models with reference to previous performance (pre and post period end) and critically challenged assumptions pertaining to material changes in performance, including revenue growth rates, EBITDA margins, capital expenditure and lease commitments, with reference to information available internally and externally where available and appropriate.
- Considered sensitivity analysis performed by management that included the assessment of reasonably possible adverse effects that could arise as a result of a decrease in revenue

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

from weaker customer demand, or a decline in EBITDA margin, as applied to the going concern considerations.

- Performed our own sensitivity analysis applying different scenarios targeted at revenue growth and EBITDA margins, and considered the outputs, using these to challenge management.
- We have assessed the management's historic forecasting accuracy by comparing the financial results for the group to the prior year initial and re-forecasted going concern models.
- We have assessed the reasonableness, ongoing progress and likelihood of achievement of management's mitigating responses to the identified material uncertainty over going concern including seeking short-term covenant waivers whilst the business adjusts to the impact of restructuring initiatives and/or that take into account strategic initiatives; refinancing existing facilities on revised terms, following the partial repayment of the term loan after the year-end; and implementing elements of the Group's strategic plan that would generate additional liquidity and reduce borrowings.

With regard to Commercial Agreements as disclosed in notes 1e and 34:

- Performed the above procedures in relation to the above forecasts to the extent that they relate to ProService pre-Commercial Agreements.
- Reviewed and challenged the management prepared bridge from pre-transaction forecasts to post-transaction forecasts which included, but was not limited to:
 - o checking arithmetical accuracy of the bridge adjustments and resulting cash flow forecasts
 - o comparing key assumptions to relevant commercial components of this transaction, challenging these where appropriate;
 - o confirming the appropriateness of the availability of banking facilities and covenant ratios included within these forecasts; and assessing the mathematical accuracy of the model, including forecast covenant compliance calculations.
 - o performing our own sensitivity analysis, applying different scenarios targeted at revenue growth and EBITDA margins
- We have considered the adequacy of the disclosures in the financial statements against the requirement of applicable accounting standards and consistency of disclosures against the directors' assessment of going concern and against the various forecast scenarios.

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

OVERVIEW

Key audit matters	31 March 2025	30 December 2023
Revenue recognition (existence, accuracy, classification and presentation)	√	√
Software capitalisation	×	√
Impairment of Group goodwill, other intangible assets and tangible fixed assets (including right of use assets), and impairment of Company investments	√	×
Going concern	√	×

Software capitalisation was not considered to be a key audit matter for the period ended 31 March 2025 as the value of additions during the period ended 31 March 2025, and the associated risk of material misstatement, was reduced compared to the year ended 30 December 2023.

Materiality	Group financial statements as a whole
	£2,585k (2023: £1,200k) based on 0.625% of Revenue (2023: 5% of adjusted earnings before interest, tax, amortisation and exceptional items). Based on the operational group restructuring that was undertaken in the period, revenue was considered to be a more appropriate materiality metric for the current period.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

We have concluded that the Group consisted of 11 components during the 15-month period ended 31 March 2025, including the Parent company and its subsidiaries. These components are structured to align with the Group's legal structure of the entities, and reflects that the subsidiaries operate under finance teams aligned to the operating segments, and report into a centralised Group finance function.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls, or
- procedures on one or more classes of transactions, account balances or disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

Procedures performed at the component level

We performed procedures to respond to group risks of material misstatement at the component level that included the following.

Component	Name	Entity Name	Group Audit Scope
1	PLC	HSS Hire Group plc	Statutory audit and procedures on the entire financial information of the component.
2	HSG	HSS Hire Service Group Limited	Statutory audit and procedures on the entire financial information of the component.
3	ProService	HSS ProService Limited	Statutory audit and procedures on the entire financial information of the component.
4	Training	HSS Training Limited	Procedures on one or more classes of transactions, account balances or disclosures.
5	Ireland	HSS Hire Ireland Limited	Procedures on one or more classes of transactions, account balances or disclosures.
6	Topco	Hampshire Topco Limited	Risk assessment procedures.
7	Finco	HSS Hire Service Finance Limited	Risk assessment procedures.
8	Hero	Hero Acquisitions Limited	Risk assessment procedures.
9	Abird Superior	Abird Superior Limited	Risk assessment procedures.
10	Abird	Abird Limited	Risk assessment procedures.
11	Apex	Apex Generators Limited	Risk assessment procedures.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls in relation to:

- Impairment assessments of Group goodwill, other intangible assets and tangible fixed assets (including right of use assets), and the Company's Investments in subsidiary undertakings;
- Share capital and reserves;
- Related party balances and transactions;
- Consolidation, financial statement preparation and statement of cash flows;
- Going concern; and
- Laws and regulations.

We therefore designed and performed procedures centrally in these areas.

The group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Changes from the prior year

In the current year, we have not performed procedures on one or more classes of transactions, account balances or disclosures in relation to the Abird and Apex components as these were disposed of early in the financial period.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors for the Ireland component, who formed part of the group engagement team as reported above. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the group audit relevant to the components based on our assessment of the group risks of material misstatement. We issued our group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, reviewing component auditor documentation remotely and evaluating the appropriateness of the audit procedures performed and the results thereof.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative audit risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Group Sustainability report on pages 7-10 and in the Climate-related financial disclosures report on pages 33-46 may affect the financial statements and our audit.

We also assessed the consistency of management's disclosures included as 'Statutory Other Information' on pages 69-71 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

Key audit matters

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Revenue recognition (existence, accuracy, classification and disclosure)

Refer to:

Note 2 Critical accounting estimates and judgements: Recoverability of trade receivables; Identification of operating segments and cash generating units; Determining whether an arrangement constitutes a lease.

Note 4 Accounting policies for Revenue recognition and Trade and other receivables – Credit note provision.

Note 5 Segment reporting.

Note 18 Trade and other receivables.

The Group has multiple revenue streams, derived from the hire or sale of owned or third-party assets, with varying characteristics that can impact on recognition, measurement and disclosure. These include, but are not limited to:

- the requirement to differentiate between revenues recognised in accordance with IFRS 15 and IFRS 16;
- consideration of principal vs agent for resale activities;
- the recognition of accrued revenue amounts;
- the recognition of revenue rebates;
- accuracy and completeness of credit note provisions; and
- various disclosure requirements including, but not limited to, segmental reporting and disaggregation of revenue.

During the prior year, the directors also revised the basis of the Group's operating segments (for internal management reporting and statutory financial reporting) and reassessed its accounting policies for equipment hire and rehire and related activities in response to the IASB's approval of the IFRIC's March 2023 agenda decision on "Definition of a lease – substitution rights (IFRS 16 Leases)", resulting in certain revenues being recognised in accordance with IFRS 16 rather than IFRS 15.

Given the nature and complexity of revenue, and the potential impact on users of the financial statements, we considered there to be a significant risk arising in respect of the existence, accuracy classification and presentation of revenue across various revenue streams.

As a result of the aggregate of the above judgements, we considered revenue recognition to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our procedures included, but were not limited to, the following:

- Assessing and challenging management's revenue recognition accounting policies across the Groups different revenue streams by reference to IFRS 15 and IFRS 16, including consideration of principal vs. agent, and by testing a sample of revenue entries to supporting documentation to test that these have been consistently applied when recognising revenue throughout the year.
- Comparing, for consistency, management's identified operating segments of the Group to the presentation of the operating results of the Group as reviewed by the Chief Operating Decision Makers (being the Board of Directors) for their assessment of performance and allocation of resources. Understanding and challenging whether individual operating segments have a right to be presented on an aggregated basis.
- Assessing whether disaggregation of revenue disclosures within the financial statements is consistent with the requirements of IFRS 15.
- Agreeing the segmental reporting and revenue financial disclosures to the underlying financial records of the Group.
- Assessing the revenue disclosures for completeness, accuracy and compliance with the requirements of IFRS 8, IFRS 15 and IFRS 16.
- For a sample of accrued amounts, agreeing accrued income to contract, proof of goods or services being provided in the period, and evidence of customer invoicing post year end.
- For accrued income for cash customers, considering if accrued income and revenue has been accurately recorded and appropriately disclosed.
- Assessing the design and implementation of controls related to inputs to revenue rebate calculations.
- For a sample of revenue rebates, recalculating the rebate accrual by reference to the rebate agreement and sales values per management's sales systems.
- For a sample of revenue rebates, comparing the rebate accrual to expectations developed from prior year rebates as a percentage of revenue, and sales values in the current year.
- For a sample of revenue rebates, tracing settlement of opening rebate accruals and challenging the validity of any unsettled amounts.
- Assessing the basis of calculation of credit note provisions as well as challenging assumption therein and testing a sample of inputs to the calculation.

Key observations:

As a result of our procedures, we did not identify any indications to suggest that management's judgements over revenue recognition policies or the financial statement disclosures with regard to revenue are inappropriate or non-compliant with relevant international accounting standards and the Group's stated accounting policies.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

Impairment of Group goodwill, other intangible assets and tangible fixed assets (including right of use assets), and impairment of Company investments

Refer to:

Note 2 Critical accounting estimates and judgements:

- Impairment of goodwill, intangible assets, property, plant and equipment and right of use assets
- Identification of operating segments and cash generating units

Note 4e Impairment of intangible, property, plant and equipment and right of use assets

Note 7 Non-underlying and exceptional items

Note 14 Intangible assets

Management have assessed whether the CGU structure of the Group remains appropriate after the operational changes effective October 2024, determining no change is necessary.

Management have determined that impairment indicators exist from the Group's net assets exceeding market capitalisation, adverse market conditions, performance during FY24/25 compared to previous budgets, and significant changes have occurred during the period which may have had an adverse effect on the Group.

Management have therefore undertaken an impairment assessment for each of the Group's CGUs.

Management, assisted by an external expert, determined the Value in Use for HSS Core Operations and HSS ProService.

Management, assisted by an external expert, determined the Fair Value Less Cost To Sell (FVLCTS) of HSS ProService and HSS Core – Ireland.

Management concluded that FVLCTS would not exceed VIU for HSS Core Operations, and VIU would not exceed FVLCTS for HSS ProService and HSS Core – Ireland.

Management's VIU models adjust the outputs from a three-year cash flow model for IFRS 16 leasing cash flows, tapers growth rates down to a long-term growth rate over the following two years, then applies a discount rate and long-term growth rate (LTGR) to determine a value in use.

Management's FVLCTS models are based on various Enterprise Value models, incorporating entity specific and market comparable data to derive a multiple of earnings to apply to forecast EBITDA.

For Operations – UK management determined that the following impairment charges were required:

- Goodwill: £64.3m
- Other intangible assets – software: £3.5m
- PPE – hire stock: £24.5m
- PPE – non-hire stock: £3.3m
- ROUAs – hire stock: £0.8m
- ROUAs – property and vehicles: £17.1m

Our procedures included, but were not limited to, the following:

CGU structure

- Assessed the appropriateness of the identification of the Group's CGUs by considering how information is reported to the Group's Chief Operating Decisions Makers (being the Board of Directors).

Impairment indicators

- Assessed the completeness and existence of management's identification of impairment indicators.

Value in Use (Operations – UK & ProService)

- Assisted by our internal modelling experts, we assessed the arithmetic accuracy of the cash flow and VIU models.
- We confirmed that the cashflows modelled were derived from to the Board approved budgets, adjusted for management determined risk factors, and that the cashflow forecasts are consistent with those used in the Group's going concern assessment.
- We challenged the significant judgements and estimates in management's cash flow models, and sensitivities applied thereto, with reference to previous performance (pre and post period end) and critically challenged assumptions pertaining to material changes in performance, including revenue growth rates and EBITDA margins, with reference to information available internally and externally where appropriate.
- With regard to VIU models, with the assistance of our internal valuation experts, assessed the reasonableness of:
 - the discount rate: by corroborating the relevant inputs into the calculation to external sources and calculating a bottom up weighted average cost of capital and comparing it with the rate used by management;
 - the application of tapered growth rates over the period to application of the long-term growth rate: by way of reference to appropriate valuation methodologies;
 - the long term growth rate: by corroborating to Bank of England inflation target, and
 - the methodology applied in the VIU models, including the treatment of lease cash flows by reference to the requirements of IAS 36 Impairment of assets.
- With regard to FVLCTS models, with the assistance of out internal valuations experts, assessed the reasonableness of:
 - the enterprise value ('EV')/EBITDA multiple determined by management with the assistance of their external experts
- Considered sensitivity analysis performed by management that included the assessment of reasonably possible adverse effects that could arise as a result of a decrease in revenue or erosion of EBITDA margin as applied to the valuation models.
- Performed our own sensitivity analysis applying different scenarios targeted at discount rates, cost mitigation actions and growth rates and considered the outputs, using these to challenge management.
- Considered the terms and ongoing implications of the Commercial Agreements, as disclosed in notes 1e and 34, for indicators of events or conditions existing as at the balance sheet date that might be relent to management's impairment assessment and challenged management accordingly.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

Key audit matter

The above impairments have been allocated in full against Goodwill allocated to Operations – UK and other intangible assets and then apportioned to other assets, including tangible fixed assets and right of use assets, on a pro-rate basis, before assessing the resulting carrying values against their underlying assessments of asset values.

For Operations – Ireland and ProService no impairment charge arose.

For HSS Hire Group plc (company only) management determined that an impairment charge of £166.8m was required, which was recognised against Investments in Subsidiaries.

Due to the significance of judgements and estimates used in these areas, including the risk of management override or bias, we have assessed the identification of the CGUs, the identification of impairment indicators, and the valuation of realisable amounts to be key audit matters.

How the scope of our audit addressed the key audit matter

Fair value less cost to sell (Operations – UK)

- Assessed the appropriateness of management's conclusion that FVLCTS would not exceed VIU for Operations – UK.

Fair value less cost to sell (ProService)

- Assisted by our internal valuations experts, we challenged the appropriateness of management's experts determination of FVLCTS of ProService by considering the following significant estimates and judgements:
 - EBITDA multiple for ProService – comparing the EBITDA multiple to transactions for a relevant observable peer group
 - EBITDA through comparability to historic performance, and base case and sensitised forecasts.

Fair value less cost to sell (Operations – Ireland)

- We compared management's determination of Fair Value of Operations – Ireland to the share purchase agreement for what is not a completed transaction.
- We agreed the net assets of the CGUs to trial balances, and checked the arithmetic accuracy of the allocation of goodwill.
- We agreed the arithmetic accuracy of the impairment charge being the deficit of the Operations - UK CGU's recoverable value against its net book value.
- We agreed the allocation of the impairment against the various asset classes.
- We assessed whether the Group's disclosures provide sufficient details on the key assumptions within the impairment models and sources of estimation uncertainty, including any required sensitivity disclosures.

Key observations

Based on our audit procedures, we consider that management's significant assumptions, judgements and estimates used in the impairment assessment are reasonable and sufficiently supported.

We consider that management's conclusion to recognise the impairments noted in this section to Operations – UK assets to be reasonable and accurate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

OUR APPLICATION OF MATERIALITY

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

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

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

	Group financial statements		Parent company financial statements	
	Period Ended 31 Mar 2025 £m	Year ended 30 Dec 2023 £m	Period Ended 31 Mar 2025 £m	Year ended 30 Dec 2023 £m
Materiality	2.6	1.2	4.7	1.1
Basis for determining materiality	0.625% of revenue	6% of adjusted earnings before interest, tax, amortisation and exceptional items (adjusted EBITA).	1.6% Total assets	90% of Group materiality
Rationale for the benchmark applied	We consider revenue to be the most appropriate measure for the basis of materiality given it is a key performance indicator for the Group and we believe this more appropriately reflects the Group's underlying performance.	We considered adjusted EBITA to be the most appropriate measure for the basis of materiality given it is a key performance indicator for the Group and we believe this appropriately reflected the Group's underlying performance. Adjustments are detailed in note 32 to the financial statements.	We consider total assets to be the most appropriate measure for the basis of materiality as the parent company is a non-trading holding company of the group's trading subsidiaries.	We used our judgement to allocate materiality, including taking account of aggregation risk.
Performance materiality	1.8	0.8	1.7	0.8
Basis for determining performance materiality	70% of materiality	70% of materiality	95% of group materiality	70% of materiality
Rationale for the percentage applied for performance materiality	In setting our performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.			

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

Component materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 29% and 95% (2023: 10% and 96%) of Group performance materiality dependent on a number of factors including the size of the components and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £530k to £1,715k (2023: £83k to £810k).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £103k (2023: £48k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

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

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

Non-compliance with laws and regulations

Based on:

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

We considered the significant laws and regulations to be:

- UK adopted international accounting standards and UK Generally Accepted Accounting Practice
- Companies Act 2006
- AIM Listing Rules

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be:

- Corporate and VAT legislation
- Employment Taxes
- Health and safety legislation
- Bribery Act 2010
- QCA Corporate governance code
- National minimum wage
- Hydrocarbon Oil Duties Act 1979 – more specifically as varied by the Finance Act 2020 in relation to sales of "Red Diesel".
- Construction Industry Scheme (CIS)

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HSS HIRE GROUP PLC CONTINUED

Based on our risk assessment, we considered the areas most susceptible to fraud to be inappropriate calculation or omission of revenue adjustments, including, but not limited to: revenue rebates; allocation of revenues and results to operating segments; recognition and measurement of non-underlying and exceptional items; recognition of the Value Creation Plan (VCP) share options; measurement of recoverable value in relation to the impairment of Group goodwill and other intangible assets, and tangible fixed assets (including right of use assets), and disclosures thereof in the financial statement; and the Company's investments; accuracy of disclosures relating to going concern; or through inappropriate journals entries.

Our procedures in respect of the above included:

- For revenue – see Key audit matter above.
- For non-underlying and exceptional items – we have examined management's assessment on non-underlying and exceptional items ensuring sufficient detail is noted in the breakdown of costs by nature. We have further assessed the categories of items to ensure correct classification of non-underlying and exceptional items and obtained understanding in line with regulatory guidance. This included testing samples of the categories by agreeing to supporting documentation.
- For impairment of intangibles – see Key audit matter above
- For recognition of the VCP share options – we have examined board reports and other documentation throughout the year and post year end and made enquiries of the Group Chief Financial Officer, Remuneration Committee and Audit Committee chair to assess management's assertion that it is improbable as at the year-end that an exit event capable of triggering the scheme will occur.
- For going concern – see Material uncertainty relating to going concern above.
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation, and
- Involvement of forensic specialists in the audit to assist in identifying areas at risk of fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditors, we also reviewed the result of their work performed in this regard.

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

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

USE OF OUR REPORT

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

Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
6 October 2025

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

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2025

	Note	15-month period ended 31 March 2025			12-month period ended 30 December 2023		
		Underlying £000s	Non-underlying costs (note 7) £000s	Total £000s	Underlying £000s	Non-underlying costs (note 7) £000s	Total £000s
Revenue	5	378,992	–	378,992	312,359	–	312,359
Cost of sales		(209,926)	–	(209,926)	(165,215)	–	(165,215)
Gross profit		169,066	–	169,066	147,144	–	147,144
Distribution costs		(33,503)	–	(33,503)	(25,767)	–	(25,767)
Administrative expenses		(129,511)	(3,094)	(132,605)	(99,650)	(2,458)	(102,108)
Impairment loss on tangible assets	7, 15, 16	–	(45,714)	(45,714)	–	–	–
Impairment loss on intangible assets	7, 14	–	(67,834)	(67,834)	–	–	–
Impairment loss on trade receivables and contract assets	18	(2,770)	–	(2,770)	(2,151)	–	(2,151)
Other operating income	6	501	–	501	194	–	194
Exceptional items (non-finance)	7	–	(4,892)	(4,892)	–	41	41
Operating profit		3,783	(121,534)	(117,751)	19,770	(2,417)	17,353
Net finance expense		(12,216)	–	(12,216)	(10,075)	–	(10,075)
Exceptional items (finance)	7	–	(334)	(334)	–	(353)	(353)
(Loss)/profit from continuing operations before tax		(8,433)	(121,868)	(130,301)	9,695	(2,770)	6,925
Income tax (charge)/credit	12	(686)	–	(686)	(3,987)	–	(3,987)
(Loss)/profit from continuing operations		(9,119)	(121,868)	(130,987)	5,708	(2,770)	2,938
Profit from discontinued operations, net of tax	7, 32	3,168	(1,894)	1,274	1,339	(40)	1,299
(Loss)/profit for the financial period		(5,951)	(123,762)	(129,713)	7,047	(2,810)	4,237
Alternative performance measures for continuing operations (£000s)							
Underlying EBITDA	33	50,464			54,506		
Underlying EBITA	33	6,600			21,589		
Underlying profit before tax	33	(8,433)			9,695		
Earnings per share for continuing operations (pence)							
Basic (loss)/earnings per share	13	(0.89)		(18.48)	1.06		0.42
Diluted (loss)/earnings per share	13	(0.88)		(18.03)	1.02		0.40
Continuing and discontinued operations (pence)							
Basic (loss)/earnings per share	13	(0.50)		(18.30)	1.29		0.60
Diluted (loss)/earnings per share	13	(0.48)		(17.85)	1.25		0.58

1 The notes supporting the income statement have been restated to disclose continuing operations (see note 32), the comparative figures for prior period have been re-presented, so that amounts relate to all operations that have been discontinued by the end of the reporting period for the latest period presented

The notes on pages 87 to 125 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2025

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Profit for the financial period	(129,713)	4,237
Items that may be reclassified to profit or loss:		
Foreign currency translation differences arising on consolidation of foreign operations	(542)	(231)
Other comprehensive loss for the period	(542)	(231)
Total comprehensive profit for the period attributable to owners of the Group	(130,255)	4,006

The notes on pages 87 to 125 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31 MARCH 2025

	Note	31 March 2025 £000s	30 December 2023 £000s
ASSETS			
Non-current assets			
Intangible assets	14	71,991	152,982
Property, plant and equipment	15	38,034	93,183
<i>Of which – Hire equipment</i>	15	32,843	81,191
<i>Of which – Non-hire equipment</i>	15	5,191	11,992
Right of use assets	16	28,708	51,811
<i>Of which – Hire equipment</i>	16	1,737	2,592
<i>Of which – Non-hire equipment</i>	16	26,971	49,219
Deferred tax asset	23	3,479	2,012
		142,212	299,988
Current assets			
Inventories	17	3,017	3,823
Trade and other receivables	18	72,362	93,441
Cash and cash equivalents		23,914	31,931
		99,293	129,195
Assets classified as held for sale	31	32,629	–
		131,922	129,195
Total assets		274,134	429,183
EQUITY			
Share capital	24	7,108	7,050
Share premium	24	45,552	45,552
Foreign exchange translation reserve		(1,195)	(653)
Other reserves		97,780	97,780
Retained (deficit)/earnings		(99,645)	33,456
Total equity		49,600	183,185

	Note	31 March 2025 £000s	30 December 2023 £000s
LIABILITIES			
Current liabilities			
Trade and other payables	19	81,652	85,317
Lease liabilities	20	12,562	14,548
Borrowings	21	4,810	5,545
Provisions	22	5,632	4,816
		104,656	110,226
Liabilities directly associated with assets held for sale	31	10,250	–
		114,906	110,226
Non-current liabilities			
Lease liabilities	20	38,796	42,822
Borrowings	21	64,152	79,015
Provisions	22	4,517	13,753
Deferred tax liabilities	23	2,163	182
		109,628	135,772
Total liabilities		224,534	245,998
Total equity and liabilities		274,134	429,183

The notes on pages 87 to 125 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 October 2025 and were signed on its behalf by:

Richard Jones
Director

5 October 2025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2025

	Share capital £000s	Share premium £000s	Merger reserve £000s	Foreign exchange translation reserve £000s	Retained earnings £000s	Total equity £000s
At 31 December 2022	7,050	45,552	97,780	(422)	32,503	182,463
Profit for the period	–	–	–	–	4,237	4,237
Foreign currency translation differences on consolidation of foreign operations	–	–	–	(231)	–	(231)
Total comprehensive profit for the period	–	–	–	(231)	4,237	4,006
Transactions with owners recorded directly in equity:						
Dividends paid (note 29)	–	–	–	–	(3,877)	(3,877)
Share-based payment charge (note 25)	–	–	–	–	593	593
At 30 December 2023	7,050	45,552	97,780	(653)	33,456	183,185
Loss for the period	–	–	–	–	(129,713)	(129,713)
Foreign currency translation differences on consolidation of foreign operations	–	–	–	(542)	–	(542)
Total comprehensive profit for the period	–	–	–	(542)	(129,713)	(130,255)
Transactions with owners recorded directly in equity:						
Shares issued (note 24)	58	–	–	–	(58)	–
Dividends paid (note 29)	–	–	–	–	(3,958)	(3,958)
Share-based payment charge (note 25)	–	–	–	–	628	628
As at 31 March 2025	7,108	45,552	97,780	(1,195)	(99,645)	49,600

The notes on pages 87 to 125 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2025

	Note	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s		Note	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Profit for the financial period		(129,713)	4,237	Net cash flows from operating activities before purchase of hire equipment		57,774	53,726
Adjustments for:				Purchase of hire equipment		(19,546)	(22,789)
– Tax	12	1,280	4,743	Cash generated from operating activities		38,228	30,937
– Amortisation	9	2,840	1,943	Interest paid		(11,899)	(9,550)
– Impairment loss on tangible assets	9	45,714	–	Income tax repaid/(paid)		2,045	(1,183)
– Impairment loss on intangible assets	9	67,834	–	Net cash generated from operating activities		28,374	20,204
– Depreciation	9	40,632	33,673	Cash flows from investing activities			
– Accelerated depreciation relating to hire stock customer losses and hire stock write-offs	9	7,566	6,653	Proceeds on disposal of business, net of cash disposed of	32	20,321	–
– Accelerated depreciation of other property, plant and equipment and right of use assets	9	1,582	1,459	Proceeds on disposal of non-hire property, plant and equipment	9	17	541
– Loss on disposal of property, plant and equipment and right of use assets	9	7,073	2,504	Purchases of non-hire property, plant, equipment and software	14,15	(7,585)	(10,090)
– Gain on disposal of leases	9	(8,191)	(1,795)	Net cash used in investing activities		12,753	(9,549)
– Gain on disposal of intangibles	9	(5)	–	Cash flows from financing activities			
– Capital element of receipts from net investment in sublease		141	143	Dividends paid		(3,958)	(3,877)
– Share-based payment charge	25	628	593	Facility arrangement fees		(698)	(35)
– Loss on disposal of discontinued operations	32	16	–	Repayment of borrowings		(12,500)	–
– Foreign exchange loss/(gain) on operating activities		79	(23)	Capital element of lease liability payments		(20,256)	(15,729)
– Net finance expense	8	12,989	10,926	Capital element of hire purchase arrangement payments		(8,174)	(6,703)
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):				Net cash used in financing activities		(45,586)	(26,344)
– Inventories		(258)	(44)	Net (decrease)/increase in cash and cash equivalents		(4,459)	(15,689)
– Trade and other receivables		6,849	(5,767)	Net effects of foreign exchange on cash and cash equivalents		(260)	(89)
– Trade and other payables		6,093	(2,327)	Cash and cash equivalents at the start of the year		31,931	47,709
– Provisions		(5,375)	(3,192)	Cash and cash equivalents at the end of the year		27,212	31,931
Net cash flows from operating activities before purchase of hire equipment		57,774	53,726	<i>Cash and cash equivalents comprise:</i>			
				Cash at bank		23,914	–
				Cash associated with disposal groups classified as held for sale		3,298	31,931
				Cash and cash equivalents at the end of the year		27,212	31,931

The notes on pages 87 to 125 form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2025

1. BASIS OF PREPARATION

a) Reporting entity

The Company is a public limited company which was listed on the London Stock Exchange up until 14 January 2021, when the Group's ordinary shares of one pence each were admitted to trading on AIM. The Company is incorporated under the Companies Act 2006 and domiciled in the United Kingdom. The address of the Company's registered office is Building 2, Think Park, Mosley Road, Manchester, M17 1FQ. These Consolidated Financial Statements comprise the Company and its subsidiaries (the Group).

b) Statement of compliance

The Group Financial Statements of HSS Hire Group plc have been prepared in accordance with UK adopted international accounting standards and the Companies Act 2006.

During the period, the Group has changed its accounting reference date from 31 December to 31 March. This change was made to accommodate group restructuring activities.

Historically, the Directors have taken advantage of the option within Section 390 of the Companies Act 2006 to prepare their Financial Statements up to a date seven days either side of the Group's former accounting reference date of 31 December. These accounts cover the 65-week period from 31 December 2023 to 31 March 2025 (2023: 52-week period from 1 January 2023 to 30 December 2023).

c) Functional and presentational currency

These Financial Statements are presented in pounds sterling (£), which is the Group's presentational currency. The functional currency of the parent and subsidiaries is pounds sterling, except for HSS Hire Ireland Limited that is incorporated in the Republic of Ireland, which has the euro as its functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Basis of preparation

These Financial Statements have been prepared under the historical cost convention. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

e) Going concern

At 31 March 2025, the Group's financing arrangements consisted of a drawn senior finance facility of £57.5m, and an undrawn revolving credit facility (RCF) of £20.0m, of which £5m was drawn as on 1 April 2025. Cash at the balance sheet date was £23.9m (excluding cash within disposal groups) providing available liquidity of £43.9m (2023: £56.9m). Since the year end, following the sale of the HSS Ireland business for £24.3m (see note 34), the Group has repaid £17.6m of senior finance facility leaving a balance of £39.9m remaining. Both the senior finance facility and RCF are subject to net debt leverage and interest cover financial covenant tests each quarter. At the financial year end the Group had 34% and 29% headroom against these covenants respectively (2023: 44% and 54% respectively).

Since the period end we have been focused on continuing to broaden ProService's offering whilst continuing to focus on its core hire vertical. In THSC we have completed the rightsizing of the geographical footprint whilst carefully targeting new capital investment in higher demand categories and have continued to develop its direct selling channels. However, the market has remained subdued to date and has impacted our core hire business in particular which, has also continued to be impacted by the loss of the Amey contract in June 2024.

During the 15 month period to 31 March 2025, the Group completed an extension agreement in respect of its existing finance facilities. This extension took the Group's facilities from the initial expiry date of November 2025 to the end of September 2026, which falls within the period in the Going Concern assessment.

In determining whether the Going Concern basis of preparation is appropriate, the Group considers its ability to continue in operation whilst meeting its liabilities as they fall due for the foreseeable future. This assessment includes consideration of the Group's covenants in respect of the term loan and revolving credit facility (RCF).

In accordance with the requirements of IAS 1 Presentation of Financial Statements, the Directors have assessed the Group's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements, to the end of October 2026 (the "assessment period").

In doing so, the Group has evaluated base case forecasts which include a reasonably probable downside scenario. This includes lower revenue expectations as compared to the initial budget, reflective of the continuing subdued market for hire, assumes no improvement in the market for the rest of our financial year, further delay in the conversion of new larger customers in ProService and continued caution in terms of capital deployed into our hire fleet with a resultant impact on core hire revenues. The Directors, when considering mitigating actions, have also considered a range of further potential downside scenarios, including more severe but plausible trading outcomes, further cost inflation, delayed revenue recovery, and the crystallisation of identified operational risks.

Management has also prepared contingency scenarios involving more extensive restructuring, targeted asset disposals to reduce debt and execution of other strategic initiatives to focus on high value areas of the business with lower capital requirements and reduced operating costs. As noted above, under the base case scenario, the forecasts indicate a breach of the Group's financial covenants during the assessment period and insufficient liquidity to settle the Group's bank facilities at the end of September 2026.

Should a breach of covenants occur, the facilities may be withdrawn and require immediate repayment. The Group's forecasted cash is insufficient to immediately repay these if repayment is demanded following a breach of covenants, or to repay the facilities at the settlement date. In mitigation of these risks, as separately announced today, the Directors have entered into several commercial arrangements to resolve the covenant issue:

- An arrangement between HSS ProService and SpeedyHire for ProService's platforms to be used to serve Speedy's customers, with the hire contracts fulfilled using Speedy's distribution network and plant,
- A buyer has been identified for THSC following the Board's strategic review of the business, and;
- Consent has been arranged with the Group's lenders for the proposed transactions, which also include the provision of a covenant waiver and adjustment for the post-disposal period to allow the Group time to embed the operational changes, but no commitment to refinance the Group's existing bank facilities at the end of their current term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Despite the potential covenant breach in the base case, the outcome of these Commercial Arrangements suggest that the Group will maintain sufficient liquidity throughout the assessment period, until the time when the Group's bank facilities fall due for repayment, as well as mitigating the covenant breach that has been forecast. However, notwithstanding the announcement of the above commercial arrangement, completion of these remains conditional and therefore covenant breaches could still occur and the loan facilities remain due for repayment at the end of September 2026. As such, the Directors acknowledge the existence of a material uncertainty, which may cast significant doubt upon the Group's ability to continue as a going concern.

If the above commercial arrangements do not complete as expected and bank covenants breach, or the commercial arrangements do complete but trading or working capital downsides occur and covenants subsequently breach or liquidity headroom is eroded, or if the Group's bank facilities are not refinanced in due course, the facilities may be withdrawn and require immediate repayment. As such, the Group may be unable to realise its assets and discharge its liabilities in its ordinary course of business. However, the Group continues to explore refinancing options with existing and alternative lenders and remains confident that new facilities will be in place prior to the expiry of existing ones.

On this basis, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

The financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the going concern basis of preparation no longer be appropriate. Such adjustments could be material and could affect the carrying amounts assets and liabilities reported in the statement of financial position. Areas of the financial statements that could be impacted include, but are not limited to:

- Useful economic lives and residual values of tangible and intangible assets;
- Valuation of goodwill;
- Measurement of right-of-use assets (currently based on a value-in-use approach assuming continuation of operations without realisation of strategic options); and
- Recognition of deferred tax assets.

f) Basis of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred.

Unless merger accounting has been adopted in specific circumstances, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income, expenses and other disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new or further information. Such changes are recognised in the year in which the estimate is revised.

Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next year are set out below.

a) Estimates

Useful economic life and residual value of tangible assets (significant estimate)

The period of benefit for the property, plant and equipment employed in the business is a significant estimate. This estimate is made using information from historic disposal rates and proceeds as well as the level of fully depreciated assets in service in the business. If assets significantly exceed, or fail to meet these estimates, there is a risk this could significantly affect the depreciation charge in the current and future periods.

Sensitivity analysis has not been carried out in relation to the useful economic life and residual value of assets held for hire due to the volume of the items involved and that multiple systems are used by the Group to record property, plant and equipment. Instead, the Directors regularly review useful economic lives and residual values to ensure that the depreciation charge is appropriate, such a review was undertaken in the prior period and these estimates were revised. The impact of the changes was a reduction in depreciation expense of £2.7m in the prior year.

For the current period, the Directors performed a follow-up review, analysing data for assets disposed of in the period, in order to consider whether adjustments made to useful economic lives in the prior year remain appropriate. No further adjustments have been made. More detail is included within note 4 and note 15.

Useful economic life of intangible assets (significant estimate)

Similarly to the estimate above, the same estimation method applies concerning the period of benefit for the Group's acquired and internally generated intangible assets. Inaccuracy in the estimate could lead to a significant change in the associated amortisation charge in a future period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Changes to the estimates for the useful lives of software intangible assets were made during the prior year. The impact of the change was a reduction in amortisation expense of £2.7m in the prior year. More detail can be found within note 4 and note 14.

The Directors have estimated the useful economic lives of customer relationship intangible assets recognised on the acquisition of Hero Acquisitions Limited as being 10 years. Further details of the net carrying value of intangible assets are given in note 14.

Impairment of goodwill, intangible assets, property, plant and equipment and right of use assets (significant estimate)

In the current period, the Group has identified an impairment against the Goodwill and other segmental assets held by one of the CGUs, HSS Operations – UK, of £113.5m (2023: £Nil). As with any impairment charge, there is significant estimation involved in quantifying the value of the impairment and the actual outcomes may vary materially from these estimates in the future.

Calculation of the discounted future cash flows for these assets requires assumptions in respect of the appropriate discount rate, the long-term growth rate, the rate of inflation, short-term performance and cash flows. Within the Financial Statements the Group has included a number of sensitivity analyses to illustrate the impact that could arise if actual outcomes vary from estimates.

The Directors consider historical performance as well as referencing external information to arrive at these assumptions. Further details of the impairment reviews undertaken, assumptions and sensitivities are given in note 14.

Dilapidations provisions

The timing and amount of future cash flows relating to lease dilapidations are subject to estimation uncertainty. The provision recognised is based on management's experience and understanding of the commercial retail property market and, in some cases, third party surveyors' reports commissioned for specific properties in order to best estimate the future outflow of funds, requiring the exercise of judgement applied to existing facts and circumstances, which can be subject to change.

The amount recognised is the estimated cost of future dilapidations, discounted to net present value. Since the cash outflow can take place many years in the future, the carrying amount of the provision is reviewed regularly and adjusted to take account of changing facts and circumstances, including the age and condition of the property, experience of actual spend on similar properties, third party surveyors' reports, specific lease obligations, market practice generally and agreements reached with landlords in respect of a given property. Changes in the estimated timing of dilapidations or dilapidations cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment.

The unwinding of the discount on the dilapidations provision is included as a finance expense. Further details of the assumptions and sensitivities are given in note 22.

Recoverability of trade receivables

Estimates are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. The Group monitors the risk profile of debtors and makes provisions for amounts that may not be recoverable based on past default experience and on the Directors' assessment of the economic environment. The recoverability of overdue receivables is considered together with the sales credit note provision.

The Group makes a provision for credit notes raised and expected to be raised after the end of the reporting period that relate to customer income recognised before the end of the period. The Group's bad debt and credit note provisions are disclosed in note 18.

Discount rates for leases

The Group has assessed that the interest rate implicit in the lease is not readily determinable for leases other than hire fleet financed via the lines agreed for that purpose with the Group's lenders. The Group therefore uses an incremental borrowing rate for all other leases, taking advantage of the IFRS 16 expedient available to apply a single rate to leases of similar characteristics.

The incremental borrowing rate in use is between 6.6% and 7.6% (2023: between 5.7% and 6.1%) for property, vehicles and equipment for internal use. These rates are adjusted for properties based on the level of risk driven by geographic region or age. Further details are given in note 20.

b) Judgements

Identification of operating segments and cash generating units (significant judgement)

As part of delivering upon strategic objectives, the Group and its operations are still subject to significant restructuring activities. As such, the identification of operating segments involves judgement to ensure that they are continually aligned to the internal reporting provided to the CODM. Included as part of this judgement is the determination that the CODM for the Group is the Board of Directors, rather than any individual Director.

This judgement is significant on the basis that incorrect identification of CGUs could lead to the failure to identify an impairment where the recoverable amount identified through a value in use calculation is performed for a group of assets that is larger than appropriate. Impairment testing is discussed within note 14.

Capitalisation of internally developed intangible assets (significant judgement)

The Group incurs material costs in association with the development of internal intangible assets, which are only capitalised where the criteria in IAS 38 have been met. There exists a judgement in respect of the continuous development cycle used to develop certain software assets and what activities qualify for recognition as an intangible asset. The only intangible asset where this judgement is significant is the Group's 'Brenda' platform, which underpins the ProService operating segment.

The specific judgement is whether the project in question creates a future economic benefit or whether it is more akin to maintenance. The Group only capitalises development activity that is expected to yield a future economic benefit, examples of which include generation of additional revenue, reduction in costs or the creation of efficiencies from which the Group is expected to benefit. Details of the amounts capitalised in respect of internal development costs can be found in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Recognition of deferred tax assets (significant judgement)

The assessment of future taxable profits against which to recognise tax losses as a deferred tax asset is a significant judgement. This assessment required judgement in respect of the sufficiency of internal forecasts as a basis for the recognition of losses against anticipated future taxable profits. The judgement surrounds the number of future periods against which to recognise losses; however, estimation is also required in parallel with this judgement. The Group is required to use estimates in the creation of the forecasts of those future taxable profits.

The Directors have concluded that there is insufficient certainty regarding future taxable profits beyond three years and accordingly the Group's forecasting period has not changed and the Group continues to not recognise more than three years' worth of losses. The estimate therefore has not been revised and is consistent with the previous year. The level of recognised and unrecognised deferred tax assets are discussed in further detail in note 23.

Property lease term judgements as a lessee

The lease term for contracts in the scope of IFRS 16 where the Group is acting as a lessee will correspond to the duration of the signed contracts, except in cases where the Group is reasonably certain that it will exercise contractual termination or extension options.

For property, the Group's policy is to use the full lease term (as opposed to first exercisable break date) for trading branches, Customer Distribution Centres (CDCs) and offices unless there is an intention to exit the property at the reporting date.

For properties which are occupied beyond lease end date, liabilities are calculated based on specific extension clauses if they exist. Where they do not, the Group reviews leases at least twice annually and extends for a maximum of six months provided notice has not been served by the Group or relevant landlord.

For properties which are no longer trading, costs, including dilapidations provisions, are provided for on the assumption that leases will not be surrendered before the first exercisable break date because a contractual liability exists to this date that can only be shortened at the behest of the property lessor. This could lead to releases of provisions in the event an early surrender is obtained. Given the tenures and values involved, any similar judgements applied to vehicle and equipment leases are immaterial.

Determining whether an arrangement constitutes a lease

Any arrangement that is dependent on the use of a specific asset or assets should be accounted for as a lease. The Directors have concluded that the Group's contracts with customers are dependent on the use of a specific asset or group of specific assets and that these contracts contain leases. Materially all of these contracts with customers are short-term leases expected to be accounted for as operating leases.

Indefinite life intangible assets

The HSS brand was first established in the late 1950s and therefore, given its longevity, the Directors consider this to have an indefinite life and it is not amortised but instead subjected to annual impairment testing. Further details of the impairment reviews undertaken, assumptions and sensitivities are given in note 14.

Non-underlying and exceptional items

The Group, as part of wider restructuring activities, has changed the presentation of the income statement to separate out additional categories of income or expenses which are not considered reflective of underlying performance, these 'non-underlying' income and expenses are now presented as a second column in the Group's pre-existing, dual-column presentation for the income statement.

Exceptional items are disclosed separately in the income statement, also within non-underlying costs, as it is deemed necessary to do so to provide further understanding of the underlying financial performance of the Group.

Exceptional items are items of income or expense that have been shown separately due to the significance of their nature or amount; the accounting policy can be found in note 4. Additional details on the value and nature of items included within non-underlying and exceptional costs are included in note 7.

Value Creation Plan

On 25 February 2021 a VCP award was granted to the Executive Directors and one senior manager. The VCP is triggered by an Exit Event (as defined in the rules of the scheme), with award value being calculated by reference to an increase in market value of the Group's equity. During the period, the award was modified in October 2024 to accommodate the operational separation of ProService and THSC.

The Directors and the Remuneration Committee have considered the likelihood of such an event being triggered and, after weighing up all of the facts and circumstances that they were aware of as at 31 March 2025, deemed this improbable.

The Directors and the Remuneration Committee will continue to evaluate this position, as facts and circumstances may evolve within a single reporting period that lead to the recognition of a VCP provision, which may be material in nature, in a subsequent period.

Disposal groups identified as held for sale

Subsequent to the year end, the Group entered into a contract for the sale of HSS Hire Ireland Limited, to a third party. The Group has identified that as of 31 January 2025, when the Group obtained lender consent for the sale, the entity became available for sale in its present condition.

At this point, the assets and liabilities of the disposal group, were reclassified as held for sale. Further details of the disposal group can be found in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. NEW ACCOUNTING STANDARDS, ACCOUNTING STANDARDS NOT YET EFFECTIVE AND CHANGES IN ACCOUNTING POLICY

Standards issued and effective beginning on or after 1 January 2024

The new standards, interpretations and amendments that are effective for the first time for the financial periods beginning 1 January 2024 are detailed below:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

None of the changes above have had a material impact on the current period on adoption except the changes to non-current liabilities with covenants which saw the Group expand disclosures around its senior term loan facility and RCF, as well as the associated covenants.

Standards issued and effective beginning on or after 1 January 2025

The new standards, interpretations and amendments that are effective for the first time for the financial periods beginning 1 January 2025 are detailed below:

- Lack of exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates and IFRS 1 First-time Adoption of International Financial Reporting Standards).

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7),
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosure

The Group is currently assessing the impact of these new accounting standards and amendments. The Group expects that IFRS 18 will have a significant impact on the presentation of Group financial statements as this will supersede IAS 1. The Group does not expect to be eligible to apply IFRS 19.

4. ACCOUNTING POLICIES

a) Revenue recognition

The Group's activities consist of supplying hire and equipment services within the UK and the Republic of Ireland.

Hire and rehire activities

The Group's hire revenue and rehire activities, which represent the majority of the Group's revenue, are accounted for as being within the scope of IFRS 16.

In interpreting and applying IFRIC guidance (issued April 2023) with regards to substantive substitution rights of suppliers, hire and rehire contracts are considered to fall into the scope of IFRS 16. This is because the substitution rights that the Group have are not considered substantive. As such, where the hire period is less than 12 months and the short-term lease exemption can be applied, income is treated as revenue from operating leases, rather than finance leases. The Group's contracts with customers are materially all within a period of less than one year and are all considered to be short-term leases in nature.

Revenue is recognised on contracts with customers for hire and rehire activities on a straight-line basis over the duration of the hire period to ensure that revenue is recognised evenly as the hire period progresses. The hire period in question commences when the equipment is available for use by the customer, either at the point of collection or delivery. The hire period is deemed to end either; on return or notification that it the equipment is ready for collection, subject to a minimum notice period.

Unlike hire revenue, where the Group uses its own hire equipment, rehire activities are where the Group arranges for an equipment hire of third party hire stock to fulfil a contract with its own end customer. In these instances, the Group is acting as both a lessee under a head-lease and sublessor to the end customer. The cost of these head leases to the Group which are each less than 12 months at inception are recognised evenly over the hire period and included within cost of sales.

Transaction prices for hire and rehire revenues are separately identifiable based on internal list prices, net of any discounts included within the contract with the customer.

Damage waivers entered into by customers are treated as lease components of the hire and rehire contracts. As such they are recognised in the same manner as the associated lease.

Hire and rehire customers that pay cash will pay a deposit to secure the hire, for which the charges are settled on return of the equipment. Account customers pay 30 days from the end of the month of invoice, or to such terms as have been specifically negotiated, up to a maximum of 90 days from the end of the month of invoice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING POLICIES CONTINUED

Resale and ancillary revenue to hire (including fuel and consumables)

Approach to revenue recognition, including the satisfaction of performance obligations

Resale revenues relate to a sole performance obligation in respect of the sale of goods to customers and are recognised on a point in time basis when control is deemed to have transferred. This transfer of control occurs either when the goods are collected or have been delivered to a customer's premises.

Hire delivery, installation and collection charges are considered to be unbundled from the lease and therefore recognised on a point in time basis under IFRS 15. For rehire, the delivery is bundled within the lease cost charged by the supplier and therefore there is no associated revenue from HSS customers recognised by the Group.

Transaction price allocated to this obligation is separately identifiable based on the internal list prices net of any discounts included within the contract with the customer.

Significant payment terms

Customers for resale and ancillary revenue settle in the same manner as hire and rehire customers.

Damaged/lost hire stock compensation

Approach to revenue recognition, including the satisfaction of performance obligations

In circumstances where a customer loses or damages the equipment they have on hire, the Group is entitled to reclaim the costs of repair or the replacement cost in case of loss, which may be partially mitigated by pre-arranged damage waiver (see above). Revenue is recognised on a point in time basis at the point the loss or damage is identified and quantified. Revenue recognised is equal to the consideration to be received for the loss or damage.

Significant payment terms

Settlement is at the point the reimbursement cost is finalised for cash customers and under normal settlement terms for account customers.

Ex-hire fleet asset sales

Nature and timing of satisfaction of performance obligations, including significant payment terms

The Group sells certain items of hire stock which are no longer being used in operations but which remain functional or have a scrap value that can be realised. The sole performance obligation in question for this income stream is the transfer of control of these assets.

Revenue is recognised when control is transferred on a point in time basis. The point at which control is deemed to have transferred is when the goods are either delivered or collected.

Significant payment terms

Settlement is due either before or at the point of collection of the asset being sold to the customer, unless specific credit terms have been agreed.

Training course income

Approach to revenue recognition, including the satisfaction of performance obligations

Training course income represents a single performance obligation, being the delivery of training courses or support services. This performance obligation is discharged over time with revenue recognised evenly throughout the duration of the course being provided.

Significant payment terms

For account customers, settlement is in arrears in accordance with their normal settlement terms, all other customers pay in advance.

Other revenue related policies

The Group's hire and rehire contracts include multi-element arrangements, however, the Group's income streams are all deemed to have directly observable standalone selling prices and no estimation or judgement is required in the allocation of transaction price. Certain customers may receive contractual discounts, which are allocated evenly across all performance obligations unless contractual terms specify which performance obligations are subject to discounts.

Contractual rebates for customers are recognised as a separate liability and included within other creditors. The Group reviews estimated rebate provisions at each reporting period based on revenue levels with relevant customers.

The Group makes an adjustment to revenue for expected returns and contract corrections. An estimate of this impact is treated as a correction to the asset's carrying value and deducted from trade receivables. This adjustment is calculated by reference to an expected loss rate which is determined based on historic levels of credit notes issued to the Group's customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING POLICIES CONTINUED

b) Cost of sales, distribution costs and administrative expenses

The Group presents expenditure on operating activities in the Consolidated Income Statement under the headings cost of sales, distribution costs and administrative expenses.

Cost of sales include direct costs associated with the Group's principal business of equipment hire. Such costs include cost of reselling plant and equipment, consumables, maintenance, depreciation, amortisation, asset write-offs and disposals.

For rehire activities, the cost of the head-leases from suppliers are recognised evenly over the hire period and included within cost of sales, having adjusted for expected contractual rebates from the supplier. The Group's operating lease expense as a lessee for hire stock is disclosed within note 9 of the Financial Statements.

Distribution costs primarily comprise vehicle costs and transportation staff wages. For rehire and resale, these costs are borne by the suppliers.

Administrative expenses primarily comprise staff costs, property costs, amortisation, the costs of acquisitions and other head office costs.

c) Property, plant and equipment

The Group presents separately on the face of the Consolidated Statement of Financial Position property, plant and equipment for hire and non-hire purposes as the Group believes this level of disaggregation is helpful for the reader of the Financial Statements.

In respect of measurement after recognition, the Group applies the cost model to all property, plant and equipment.

Useful economic life and residual value of assets

The Group's policy for applying useful economic lives and residual values of assets has been determined through applying historical experience and taking into consideration the nature of assets, their intended use and achieved values on sale when disposed.

All depreciation recorded by the Group is calculated using the straight-line method and the estimated useful lives of the Group's classes of asset are as follows:

Material and equipment held for hire:

- Tools and general equipment – between two and ten years.
- Powered access – between five and fifteen years.
- Power generation – between five and ten years

Non-hire assets:

- Leasehold properties – over unexpired period of lease.
- Plant and machinery – between two and ten years.

The Group reviews its depreciation estimates at least annually (unless required more frequently, such as when exiting a trading location). During the prior year, as part of this routine review, the Group revised the useful economic lives of assets included within the 'material and equipment held for hire' class of property, plant and equipment. The Group has also considered the level of disposals and write-offs for these assets, as well as their period of service in the business and anticipated remaining useful economic lives.

As a result of this review, certain assets' useful lives were extended but remained within the original estimates with one exception.

The Group's powered access equipment had previously been depreciated over between five and ten years but has been revised to between five and fifteen years from the start of the prior period.

The impact of this change was a reduction in depreciation for these assets of £2.7m during the prior financial year.

Materials and equipment held for hire are written off over their useful economic lives to their residual value, which is estimated at between 20% of cost and nil. Residual values are only applied to powered access and power generation assets.

As noted in 'damaged/lost hire stock compensation' within revenue, income arising from a customer losing or irreparably damaging hire stock is recognised within revenue. Derecognition of the asset's net book value is recognised in cost of sales, thereby generating the gain or loss on disposal within gross profit.

In respect of other items of property, plant and equipment, the derecognition of any net book value, along with any consideration received are recognised within administrative expenses, except for vehicles which are recognised in distribution costs.

Depreciation

For the purpose of calculating Underlying EBITDA and Underlying EBITA, depreciation, as disclosed in the Financial Statements, includes: the depreciation charge for property, plant and equipment and on right of use assets; the net book value of hire stock losses and write-offs; the net book value of other fixed asset disposals less any proceeds on those disposals; impairments of right of use assets; the net book value of right of use asset disposals, net of the lease liability disposed of; and the loss on disposal of sub-leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING POLICIES CONTINUED

d) Intangible assets

Intangible assets acquired in a business combination

The Group has recognised brands and customer relationships from historic acquisitions separately from the Goodwill arising. Brands are valued using the relief from royalty method and customer relationships are valued using the excess of earnings method. The HSS brand was first established in the late 1950s, and therefore, given its longevity, the Directors consider this to have an indefinite life and it is not amortised, but instead subjected to annual impairment testing. This judgement is included in more detail within note 2.

All other brands and customer relationships are amortised on a straight-line basis over their useful economic life. The useful lives of intangible assets are considered a significant estimate and discussed further in note 2. All amortisation is charged to administrative expenses.

Software development costs

The Group capitalises certain development expenditure that is deemed to meet the criteria within IAS 38 for capitalisation. The Group also recognises that there is a significant judgement in respect of this capitalisation and this is discussed further in note 2.

Costs to develop software are capitalised when necessary and directly attributable to creating, producing or preparing software to be capable of operating in the manner intended and which is expected to generate a future economic benefit.

Costs to develop content for software designed to advertise and promote the Group's products and services, or the costs of maintaining the software are expensed when incurred.

The Group's policy has always been to capitalise only those software as a service ('SaaS') costs which are associated with the customisation and configuration of software and which give rise to or enhance an identifiable intangible asset. All other costs associated with SaaS arrangements are expensed straight-line over the period of benefit and included within administrative expenses.

During the prior year, as part of a routine review of the useful lives of assets, the Group considered how the new THSC and ProService divisional structure impacted the intended use and by extension, the useful economic lives of certain intangible assets. Specifically, the Group considered their core operating systems used by THSC and ProService, Spanner and Brenda, including any associated intangible assets.

Following an extensive review process, the Directors revised the estimated useful economic lives of both assets from four to ten years. The Directors consider this reflects the most reliable estimate of the minimum period of operation for the systems in their current form. The impact of this change was a reduction in amortisation for these assets of £2.7m during the prior financial period.

e) Impairment of intangible, property, plant and equipment and right of use assets

The Group reviews for impairment annually or more frequently if there is an indication of impairment to ensure that assets are not carried above their estimated recoverable amounts.

Testing for impairment

For the purpose of impairment testing, all assets, including goodwill arising from business combinations are allocated to one or more of the CGUs that are expected to benefit from the synergies of the combination. Goodwill is specifically attributed to a CGU where possible, however where this is not possible goodwill has been historically allocated to those CGUs using a value in use ('VIU') based allocation.

A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. The identification of CGUs is included in note 2 as a significant judgement. The Group operates a network of sales locations supported by Customer Distribution Centres ('CDCs') which means that there is a significant interdependence between all trading locations and the hire stock within the business. Because of this 'hub and spoke' model, the individual locations or hire stock assets are not independent of the cash flows from the other assets across the Group. Accordingly, CGUs cannot be identified at an asset or branch level and instead are a higher level that approximate relatively closely to the Group's operating segments.

The carrying value of a CGU is compared against its recoverable amount, which is the higher of its VIU and the fair value less costs of disposal. The Group's VIU estimates are made using Board-approved detailed budgets which are extended into a three-year plan, with long-term growth rates applied for the fourth and fifth years of the model before a terminal value is applied from year five onwards which incorporates long-term growth rates. The outcome of annual impairment testing is included in note 14.

f) Trade receivables and contract assets

Contract assets relate to the Group's right to consideration for work completed but not billed at the reporting date and consist of accrued income. Contract assets are transferred to trade receivables when an invoice has been issued, at which point the right to payment becomes unconditional. The Group has provisions against both trade receivables and contract assets.

Recoverability of trade receivables and contract assets

The provision for impairment of trade receivables and contract assets consists of a provision for impairment and a credit note provision (see note 18).

Provision for impairment

The provision for impairment represents a provision against expected credit losses and the Group applies the IFRS 9 simplified approach of using a lifetime provision for trade receivables and contract assets based upon past default experience. Trade receivables and contract assets are grouped based on similar credit risk and ageing.

The estimated credit loss rates are based on historical loss rates and then adjusted for current and forward-looking macroeconomic factors affecting the Group's operating environment.

Receivables over two years past their due date are expensed in their entirety and written back to the income statement if subsequently recovered. The creation and release of bad debt provisions are charged or credited to administrative expenses. Where material, impairment losses are disclosed on the face of the income statement as a standalone line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING POLICIES CONTINUED

Credit note provision

The Group's credit note provision (recorded against revenue) reflects the amount of future credit notes expected to be issued in respect of invoices included within trade receivables at the balance sheet date. The provision is based on a retrospective review of the levels at which credit notes have been raised in the past 12 months to create a loss rate which is then applied against the Group's full-year revenue to arrive at the provision.

Where the Group anticipates credit notes in respect of the rehire revenue stream, there is an associated receivable in respect of the credit note the Group will receive from the third party supplier. The receipt of these credit notes by the Group are deemed to be virtually certain under the terms the Group has with its supply chain and give rise to a reimbursement asset (recorded against cost of sales) from a supplier, which will be recognised and included within other debtors. Credit note provisions are charged against revenue, with reimbursement assets credited against cost of sales.

g) Provisions

The Group has recognised provisions under three categories, details of which are included below. Additional information on the assumptions and sensitivities associated with estimates used in provisions are given in note 22.

Onerous property costs

Provisions have been made for onerous property costs (excluding lease costs) on non-trading stores, CDCs and unused office space within the Group's property portfolio. Trading stores form part of a wider network of assets and are not judged to be onerous at an individual level, as they contribute to the wider network. The only exception is where a store is being closed as part of restructuring.

Provisions for onerous property costs relate to the current value of contractual liabilities for future rates payments and other unavoidable non-lease costs to the first exercisable break clause under the related lease. These provisions are recognised on a property-by-property basis. The carrying amount of the onerous property costs provision will be affected by changes in the discount rate and property disposals.

Dilapidations provisions

The provision recognised in respect of dilapidations expenditure is based on management's experience and understanding of the commercial retail property market, alongside third party surveyors' reports commissioned for specific properties in order to determine a best estimate of the future outflow of funds.

The Group adjusts dilapidations provisions to take account of changing facts and circumstances, including the age and condition of the property, experience of actual spend on similar properties, third party surveyors' reports, specific lease obligations, market practice generally and agreements reached with landlords in respect of a given property.

An amount equal to the provision for dilapidation is capitalised on inception of the lease arrangement within tangible fixed assets and depreciated over the life of the lease. Changes in the estimated timing of dilapidations or cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment.

Given the level of estimation associated with this provision, it is included within note 2, where estimation uncertainty is considered in more detail.

Onerous contract provisions

The Group maintains a provision for a single onerous contract where an agreement for committed future payments was reached as part of an arrangement to terminate a contract. As the committed future payments exceed any economic benefit associated with the contract, they have been discounted to their present value and included as a provision.

The unwinding of any discounts included within provisions are included as a finance expense in the consolidated income statement.

h) Share capital and reserves

Ordinary shares

The Group's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Retained earnings

The Group's retained earnings represent the accumulated profits, losses and distributions of the Group.

Foreign exchange translation reserve

The foreign exchange translation reserve represents cumulative exchange differences arising from the translation of foreign operations and the movement is reported in other comprehensive income.

Merger reserve

The merger reserve is the amount arising on the difference between the nominal value of shares issued on a merger and the carrying value of the interest in the subsidiary. The merger reserve arose in 2015 when the Group underwent a capital reconstruction in advance of its initial public offering on 9 February 2015 and increased during 2016 via acquisition of a 'cash box' company.

i) Current and deferred income tax

Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, however no provisions have been made in respect of uncertain tax positions at the balance sheet date.

The Group's tax position includes significant balances of recognised and unrecognised losses brought forward, including amounts in respect of corporate income restriction rules, where the utilisation brought forward amounts are more complex. Deferred tax assets in respect of these losses are recognised only to the extent that it is probable that future taxable profits will be available against which the losses or temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING POLICIES CONTINUED

The Group's assessment of losses expected to be utilised against future taxable profits has been calculated by reference to a three-year forecasting horizon (2023: three-years). The determination of whether or not probable future taxable profits will exist against which to recognise a deferred tax asset, is a significant judgement and discussed further within note 2. The amount of losses utilised may vary where future taxable profits differ from expectations.

The Group operates in the UK and Republic of Ireland and accordingly, may have balances with different tax authorities. This means current and deferred tax balances cannot always be netted off, unless they relate to the same tax authority and there is both a right and expectation that these can be settled on a net basis.

j) Defined contribution pension schemes

The Group operates employee-optional stakeholder retirement schemes which are defined contribution schemes. For employees within the scheme, both employees and employers are required to make contributions, with the employer's contributions for each employee determined by the level of contribution made by the employee within the Group.

k) Share-based payments

Share-based payment transactions in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payments. The grant date fair value of the share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee becomes unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted, and is charged to the income statement on a straight-line basis over the vesting period of the award.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

In addition, the Group operates certain cash-settled share-based payment schemes, the fair value of which are measured initially and remeasured at each reporting date up to and including the settlement date. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability, the approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

l) Leases

As a lessee

Discussion of leasing activities for hire and rehire revenue generating activities is discussed in note 4a and 4b. The Group relies upon leases to help support its investment in hire stock assets, as well as entering into lease arrangements for its property and vehicle requirements.

Where the Group obtains control of the assets prior to entering a lease or hire purchase agreement the asset is initially recognised in property, plant and equipment at the date control is obtained.

Upon entering a lease or hire purchase agreement an assessment of whether the IFRS 15 conditions of sale and leaseback are met is undertaken. Where it is concluded that these conditions are met, the asset is transferred to right of use ('ROU') assets and the related liabilities included in lease liabilities.

Where it is concluded that these conditions are not met the asset remains in property, plant and equipment and the corresponding liability is presented in borrowings. Accordingly, the Group has both ROU assets and property, plant and equipment arising from contracts that contain a lease.

The interest rate implicit in the lease will be readily identifiable in certain leases only. Accordingly, the Group has to discount other leases using an incremental borrowing rate; this primarily applies to the Group's property and vehicles.

The Group's incremental borrowing rate is the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value, over a similar term and with similar security to the ROU asset in a similar economic environment.

Judgements exist around the extension and termination options that are included within certain property lease contracts. This judgement regarding the lease term is discussed in more detail in note 2.

Certain hire stock assets, accounted for as ROU assets, have a useful life in excess of their lease term and accordingly, when the life of the lease ends, the asset is transferred from ROU assets to property, plant and equipment. This transfer reflects the end of the right of use arrangement and the outright ownership of the asset.

As a lessor

Discussion of leasing activities for rehire lessor accounting is included in note 4b.

In some limited instances, the Group acts as a sublessor for certain property head leases where the Group has exited the property and it has become onerous. In these instances only does the Group recognise a net investment in the sublease on the balance sheet in accordance with IFRS 16.

m) Non-underlying and exceptional items

During the period, the Group changed its dual income statement presentation approach to separate out underlying results from non-underlying items of income and expenses. This is in addition to the Group's existing separate presentation of exceptional items which has always been shown standalone. The accounting policies for each are outlined on the next page.

Non-underlying items

Non-underlying items are defined by the Group as those items of income or expense which are distinct in that they are not reflective of the income or expenses incurred as part of the Group's underlying operating activities. This category includes exceptional items by virtue of their nature but also includes the effects of restructuring activities and site closures which are not part of underlying trade.

The Group's considers that impairment charges and reversal of impairments recognised as part of impairment reviews meet this definition and are classified within non-underlying items. During the current period an impairment of tangible and intangible assets of £113.5m (2023: £Nil) have been included within this definition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING POLICIES CONTINUED

Exceptional items

The Group presents certain items as exceptional because it believes that the separate presentation of these amounts provides a useful insight into certain material costs associated with major changes to the Group's structure and operating model. Transactions are designated as exceptional only when they meet the following criteria:

- They are judged to be significant, either in their nature or value, to a user of the financial statements;
- They have been directly received or incurred in respect of a major change to the business which is not reflective of the underlying performance of the Group; and,
- They are not expected to recur or become a recurring source of cost or income in the future.

Once a transaction or activity is designated as either non-underlying or exceptional, all associated future cash inflows and outflows are also classified as exceptional unless, in the future, it is determined that these cash inflows or outflows should now be treated as underlying. This is to ensure consistency between periods for users of the financial statements.

The Group emphasises that the results should always be viewed in combination with other GAAP measures. Underlying results are non-GAAP measures and a balanced review of GAAP and non-GAAP measures is required for a comprehensive review of the performance of the business.

n) Disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale when they meet the criteria outlined in IFRS 5.

In applying the guidance within IFRS 5, the Group has identified that the final requirement for the Group's subsidiaries to be available for sale in their present condition is obtaining lender consent for their sale to a third party. Assuming all other conditions in IFRS 5 are met, disposal groups are classified as held for sale at this point.

At the point of being classified as held for sale, disposal groups are valued at the lower of their carrying amount and fair value less costs to sell. Also, from the point of classification as held for sale, non-current assets within disposal groups are no longer depreciated.

5. SEGMENT REPORTING

As discussed in the Group's H1-24 interim financial statements, the Group had moved on from the legal separation of ProService and Operations in 2022, to full separation of the commercial and operational activities of both of the major divisions. The main two divisional structures remain:

- ProService – Digital marketplace business focused on customer and supplier acquisition. Technology-driven, extremely scalable and uniquely differentiated including training services.
- Operations – Fulfilment business including power generation, focused on health and safety and quality, with circular economy credentials, comprehensive national footprint and high customer satisfaction.

Despite the changes in the organisation during the period, the Group's Chief Operating Decision Maker continues to be the Board of Directors for the Group as a whole.

The Group formalised the commercial and operational separation of THSC and ProService through a Business Transfer Agreement ('BTA') at the end of September 2024. As part of this agreement, specific assets and liabilities of the ProService business were transferred to THSC. In addition to the transfer of these assets and liabilities, certain specific customer contracts and employees were also transferred. The net assets transferred during the period were £6.1m which were settled through Intercompany. The impact of the transfer of customer contracts was an additional £21.5m of revenue within the Operations – UK segment in the current period. If the transaction happened at the start of the period, the approximate additional revenue would have been £13.4m.

With the operational and commercial separation of the two major divisions during the period, it has become possible to more directly assign the Group's central costs against the operating segments they principally relate to. Accordingly, the Group has revised its segments during the period to present a 'Corporate' costs segment, which has a lower cost base than the historic 'Central' segment. Due to this change, in accordance with IFRS 8, comparative information for the Group's operating segments has been restated to present the previous segment note on this basis. The total figure for central costs retrospectively allocated to HSS ProService and HSS Operations from the Central segment in the comparative period information is £9.4m.

In addition, the elimination of transactions between trading segments on consolidation has been presented in a separate standalone column 'Eliminations', rather than presented in combination with the 'Corporate' costs. The comparative period has also been restated to be shown on this basis for comparability.

All segment revenue, operating profit, assets and liabilities are attributable to the principal activity of the Group, being the provision of tool and equipment hire and related services in, and to customers in, the United Kingdom except for the HSS Operations – Ireland segment whose revenues are derived from customers in the Republic of Ireland. No single customer represented more than 10% of Group revenue in the current year (2023: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. SEGMENT REPORTING CONTINUED

	15-month period ended 31 March 2025				
	ProService £000s	Operations – UK £000s	Corporate £000s	Eliminations £000s	Total £000s
Equipment hire and related revenue	146,349	122,323	–	(108,877)	159,795
Equipment rehire	149,672	3,596	–	(3,462)	149,806
Sale of goods and related services	38,399	6,171	–	(3,587)	40,983
Training services rendered	28,408	–	–	–	28,408
Total revenue	362,828	132,090	–	(115,926)	378,992
Cost of sales (exc. Depreciation and amortisation)	(280,927)	(8,704)	–	116,089	(173,542)
Distribution costs (exc. Depreciation and amortisation)	–	(28,204)	–	–	(28,204)
Stock maintenance costs (exc. Depreciation and amortisation)	–	(12,107)	–	–	(12,107)
Contribution	81,901	83,075	–	163	165,139
Contribution margin	22.6%	62.9%	–	–	43.5%
Indirect costs (exc. Depreciation and amortisation)	(66,301)	(45,152)	(3,059)	(163)	(114,675)
Underlying EBITDA	15,600	37,923	(3,059)	–	50,464
Less: Depreciation	(2,351)	(41,481)	–	(32)	(43,864)
Underlying EBITA	13,249	(3,558)	(3,059)	(32)	6,600
Less: Amortisation	(1,966)	(851)	–	–	(2,817)
Underlying operating profit/(loss)	11,283	(4,409)	(3,059)	(32)	3,783
Net finance expenses	(421)	(5,199)	(6,596)	–	(12,216)
Underlying profit/(loss) before tax	10,862	(9,608)	(9,655)	(32)	(8,433)
Less: Non-underlying items					(121,868)
Loss from continuing operations before tax					(130,301)

The 'Eliminations' column shows the value of eliminations in revenue between the trading segments Operations – UK and ProService. Corporate includes only those corporate costs incurred centrally to support the businesses.

	Year ended 30 December 2023				
	ProService £000s	Operations – UK £000s	Corporate £000s	Eliminations £000s	Total £000s
Equipment hire and related revenue	143,143	104,403	–	(103,706)	143,840
Equipment rehire	121,791	–	–	(586)	121,205
Sale of goods and related services	26,593	4,983	–	(3,710)	27,866
Training services rendered	19,448	–	–	–	19,448
Total revenue	310,975	109,386	–	(108,002)	312,359
Cost of sales (exc. Depreciation and amortisation)	(242,460)	(3,770)	–	108,112	(138,118)
Distribution costs (exc. Depreciation and amortisation)	–	(21,484)	–	–	(21,484)
Stock maintenance costs (exc. Depreciation and amortisation)	–	(9,576)	–	–	(9,576)
Contribution	68,515	74,556	–	110	143,181
Contribution margin	22.0%	68.2%	–	–	45.8%
Indirect costs (exc. Depreciation and amortisation)	(55,913)	(30,842)	(1,921)	–	(88,676)
Underlying EBITDA	12,602	43,714	(1,921)	110	54,505
Less: Depreciation	(1,573)	(31,405)	–	61	(32,917)
Underlying EBITA	11,029	12,309	(1,921)	171	21,588
Less: Amortisation	(1,245)	(573)	–	–	(1,818)
Underlying operating profit/(loss)	9,784	11,736	(1,921)	171	19,770
Net finance expenses	(235)	(3,402)	(6,438)	–	(10,075)
Underlying profit/(loss) before tax	9,549	8,334	(8,359)	171	9,695
Less: Non-underlying items					(2,770)
Profit from continuing operations before tax					6,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. SEGMENT REPORTING CONTINUED

	31 March 2025				
	ProService £000s	Operations – UK £000s	Corporate £000s	Eliminations £000s	Total £000s
Additions to non-current assets					
Property, plant and equipment	526	22,895	–	–	23,421
Right of use assets	2,759	23,880	–	(686)	25,952
Intangibles	2,344	1,219	–	–	3,563
Non-current assets – Net book value					
Property, plant and equipment – Hire equipment	–	32,843	–	–	32,843
Property, plant and equipment – Non-hire assets	707	4,484	–	–	5,191
Right of use assets – Property	1,582	11,281	–	(474)	12,389
Right of use assets – Vehicles	2,546	11,973	–	–	14,519
Right of use assets – Hire and non-hire assets	13	1,787	–	–	1,800
Intangibles – Goodwill	37,964	–	–	–	37,964
Intangibles – Brands and Customer Relationships	21,900	–	–	–	21,900
Intangibles – Software	12,127	–	–	–	12,127
Deferred tax assets	1,217	2,262	–	–	3,479
Current assets – Net book value					
Inventories	–	3,017	–	–	3,017
Trade and other receivables	62,905	27,376	11,466	(29,385)	72,362
Cash	12,796	4,727	6,391	–	23,914
Current liabilities – Net book value					
Trade and other creditors	(69,587)	(30,363)	(5,575)	23,873	(81,652)
Lease liabilities	(1,444)	(11,118)	(992)	992	(12,562)
Borrowings	–	(4,810)	–	–	(4,810)
Provisions	(4)	(5,628)	–	–	(5,632)
Non-current liabilities – Net book value					
Lease liabilities	(2,803)	(35,993)	(4,520)	4,520	(38,796)
Borrowings	–	(7,624)	(56,528)	–	(64,152)
Provisions	(354)	(4,163)	–	–	(4,517)
Deferred tax liabilities	(2,163)	–	–	–	(2,163)
Net assets excluding disposal group assets and liabilities classified as held for sale	77,402	51	(49,758)	(474)	27,221

In the current period, the Group designated the assets and liabilities of HSS Hire Ireland Limited as held for sale. This entity represents the entirety of the Operations – Ireland segment and accordingly does not feature in the segmental balance sheet above as at 31 March 2025. The prior period comparatives have been prepared in a manner consistent with the balance sheet and accordingly include the assets and liabilities of Operations – Ireland; see note 31 for more details.

	30 December 2023					
	ProService £000s	Operations – UK £000s	Operations – Ireland £000s	Corporate £000s	Eliminations £000s	Total £000s
Additions to non-current assets						
Property, plant and equipment	458	26,081	5,539	–	–	32,078
Right of use assets	3,037	15,100	741	309	–	19,187
Intangibles	5,718	1,340	–	–	–	7,058
Non-current assets – Net book value						
Property, plant and equipment – Hire equipment	–	71,635	9,556	–	–	81,191
Property, plant and equipment – Non-hire assets	649	10,608	735	–	–	11,992
Right of use assets – Property	1,143	29,267	1,645	–	(441)	31,614
Right of use assets – Vehicles	3,333	13,316	956	–	–	17,605
Right of use assets – Hire and non-hire assets	–	2,592	–	–	–	2,592
Intangibles – Goodwill	37,964	70,381	7,510	–	–	115,855
Intangibles – Brands and Customer Relationships	21,900	342	–	–	–	22,242
Intangibles – Software	11,748	3,137	–	–	–	14,885
Deferred tax assets	–	2,012	–	–	–	2,012
Current assets – Net book value						
Inventories	–	3,656	167	–	–	3,823
Trade and other receivables	145,622	160,686	7,631	20,550	(241,048)	93,441
Cash	5,536	9,078	7,401	9,916	–	31,931
Current liabilities – Net book value						
Trade and other creditors	(86,119)	(99,658)	(11,897)	(121,585)	233,942	(85,317)
Lease liabilities	(1,228)	(13,089)	(806)	(992)	1,567	(14,548)
Borrowings	–	(5,545)	–	–	–	(5,545)
Provisions	(220)	(4,505)	(91)	–	–	(4,816)
Non-current liabilities – Net book value						
Lease liabilities	(3,498)	(37,422)	(1,773)	(5,667)	5,538	(42,822)
Borrowings	–	(9,930)	–	(69,085)	–	(79,015)
Provisions	(117)	(12,975)	(661)	–	–	(13,753)
Deferred tax liabilities	–	(182)	–	–	–	(182)
Net assets	136,713	193,402	20,373	(166,862)	(441)	183,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. SEGMENT REPORTING CONTINUED

	31 March 2025				
	ProService £000s	Operations – UK £000s	Corporate £000s	Eliminations £000s	Total £000s
Lease liability payments					
Less than one year	1,444	11,118	992	(992)	12,562
Two to five years	2,529	27,033	3,325	(3,325)	29,562
More than five years	274	8,960	1,195	(1,195)	9,234
Repayment of borrowings					
Less than one year	–	4,810	–	–	4,810
Two to five years	–	7,624	57,500	–	65,124
More than five years	–	–	–	–	–
Total					
Less than one year	1,444	15,928	992	(992)	17,372
Two to five years	2,529	34,657	60,825	(3,325)	94,686
More than five years	274	8,960	1,195	(1,195)	9,234
	4,247	59,545	63,012	(5,512)	121,292

	30 December 2023					
	ProService £000s	Operations – UK £000s	Operations – Ireland £000s	Corporate £000s	Eliminations £000s	Total £000s
Lease payments						
Less than one year	1,228	13,089	806	992	(1,567)	14,548
Two to five years	2,970	27,283	1,298	3,896	(3,710)	31,737
More than five years	528	10,139	475	1,771	(1,828)	11,084
Borrowings						
Less than one year	–	5,545	–	–	–	5,545
Two to five years	–	9,930	–	69,085	–	79,015
More than five years	–	–	–	–	–	–
Total						
Less than one year	1,228	18,634	806	992	(1,567)	20,093
Two to five years	2,970	37,213	1,298	72,981	(3,710)	110,752
More than five years	528	10,139	475	1,771	(1,828)	11,084
	4,726	65,986	2,579	75,744	(7,106)	141,930

The timing of the satisfaction of performance obligations as it relates to revenue recognition is shown below:

	15-month period ended 31 March 2025				
	ProService £000s	Operations – UK £000s	Corporate £000s	Eliminations £000s	Total £000s
Revenue from operating leases	267,130	104,230	–	(93,003)	278,357
Revenue recognised at a point in time	67,290	27,860	–	(22,923)	72,227
Revenue recognised over time	28,408	–	–	–	28,408
Total revenue recognised	362,828	132,090	–	(115,926)	378,992

	Year ended 30 December 2023				
	ProService £000s	Operations – UK £000s	Corporate £000s	Eliminations £000s	Total £000s
Revenue from operating leases	236,445	84,749	–	(84,638)	236,556
Revenue recognised at a point in time	55,082	24,637	–	(23,364)	56,355
Revenue recognised over time	19,448	–	–	–	19,448
Total revenue recognised	310,975	109,386	–	(108,002)	312,359

6. OTHER OPERATING INCOME

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Property sublease rental and service charge income	501	236

During the period, the Group received sublet rental income of £0.1m (2023: £0.1m) on vacant properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. NON-UNDERLYING AND EXCEPTIONAL ITEMS

Items of income or expense have been shown as exceptional either because of their size or nature or because they are outside the normal course of business. As a result, during the period ended 31 March 2025 the Group has recognised exceptional items as follows:

	Non-underlying		Exceptional items		Total
	Included in administrative expenses £000s	Included in finance expense £000s	Included in loss on disposal £000s	Included in administrative expenses £000s	Total £000s
15-month period ended 31 March 2025					
Onerous property costs	–	–	–	483	483
Costs relating to branch network restructure	813	77	–	1,805	2,695
Costs relating to group restructure	2,281	–	–	2,604	4,885
Onerous contract (note 22)	–	257	–	–	257
Impairment loss on tangible fixed assets (notes 14,15 and 16)	–	–	–	45,714	45,714
Impairment loss on intangibles (note 14)	–	–	–	67,834	67,834
Non-underlying from continuing operations	3,094	334	–	118,440	121,868
Disposal costs – Discontinued operations	234	–	–	1,018	1,252
Loss arising on business divesture (note 32)	–	–	642	–	642
Non-underlying from total operations	3,328	334	642	119,458	123,762

During the year ended 30 December 2023, the Group recognised exceptional items analysed as follows:

	Non-underlying		Exceptional items		Total
	Included in administrative expenses £000s	Included in finance expense £000s	Included in other operating income £000s	Included in administrative expenses £000s	Total £000s
12-month period ended 30 December 2023					
Onerous property costs	–	42	(41)	798	799
Costs relating to branch network restructure	–	–	–	1,467	1,467
Costs relating to group restructure	–	–	–	221	221
Onerous contract (note 22)	–	311	–	(28)	283
Non-underlying from continuing operations	–	353	(41)	2,458	2,770
Onerous property costs – Discontinued operations	–	–	–	40	40
Non-underlying from total operations	–	353	(41)	2,498	2,810

Non-underlying and exceptional items incurred in FY25 and FY23

Costs related to onerous properties:

The Group continues to incur some costs in respect of historic properties closed as part of the exit of a number of stores announced back in October 2020. In the period, an exceptional cost of £0.5m (2023: £0.8m) has been recognised against these locations.

Costs related to group restructure

During the current year, the Group continued to develop its strategy of operational separation of the Operations and ProService segments and at the start of October, conducted a restructuring exercise to enable both businesses to operate on a standalone basis. This included the transfer of certain customer contracts, as well as the assets and liabilities of the builders merchant locations previously operated by ProService.

The costs included in the current year of £4.9m relate primarily to the legal and professional fees associated with these restructuring activities. The Group expects similar costs to be incurred in the future as the businesses continue to operate more independently, however there is no reliable estimate of these costs available at this time. In the prior year, the group restructure costs relate to £0.2m of residual costs incurred in connection with the original separation of the ProService business.

Costs related to branch network restructure

During the prior year, the Group took the strategic decision to migrate the remaining UK HSS branches to the builders merchant model. The impact of the change includes the closure of 31 locations during the current period (2023: 16 branches). This strategic initiative is expected to generate annual cost savings of c£1.9m (2023: c£1.0m).

The total costs incurred in respect of the UK branch network restructure in the current period were £2.7m (2023: £1.5m). These costs materially all relate to accelerated depreciation on the exit of these trading locations (see note 9). These costs are incurred where useful economic life estimates for assets at these branches, which cannot be repurposed elsewhere, have been revised downwards to the expected closure date.

Onerous contract

The Group maintains a provision to cover the expected outflows related to its onerous contract with Unipart for the NDEC operation which ceased in early 2018 (note 22). The liability at the balance sheet date is £2.9m (2023: £6.8m). The discount rate used to calculate the present value of the provision is the five-year UK gilt rate of 4.05% (2023: 3.98%). Application of the new discount rate at the balance sheet date resulted in a credit to the income statement of £Nil (2023: credit of £28k), recognised as exceptional in line with the original provision. A finance charge for the discount unwind of £0.3m (2023: £0.3m) was recognised through exceptional finance costs.

Impairment loss on tangible and intangible assets (see notes 14,15 and 16)

During the period, the Group identified indicators of impairment and following the completion of the impairment review, an impairment charge of £113.5m was recognised against the goodwill, intangible and tangible assets allocated to the HSS Operations UK CGU. More details can be found in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. NET FINANCE EXPENSE

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Interest on senior finance facility	5,946	5,278
Debt issue costs	640	506
Interest on lease liabilities	4,227	3,270
Interest on hire purchase arrangements	1,118	705
Unwind on discounted provisions	639	647
Interest on other bank loans and overdrafts	331	169
Other interest payable	54	51
Gross finance expense	12,955	10,626
Bank interest receivable	(405)	(198)
Net finance expense	12,550	10,428
Finance expense from discontinued operations	439	498
Total finance expense for statement of cash flows	12,989	10,926

9. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Amortisation of intangible assets (see below for details)	2,817	1,818
Impairment losses on tangible assets (see notes 15 and 16)	45,714	–
Impairment losses on intangible assets (see note 14)	67,834	–
Depreciation (see below for details)	43,864	32,917
Operating lease rentals:		
– land and buildings	14	58
– motor vehicles and equipment for internal use	2,146	1,711
– hire stock	102,892	88,457
Write-off of inventory (note 17)	97	338
Property sublease rental income (note 6)	(501)	(90)
Foreign currency translation gains	176	53
Auditor's remuneration		
– audit of Group and Company Financial Statements	206	158
– audit of subsidiary Financial Statements	1,062	823
– other audit-related assurance services	57	50
– other services	139	–
	1,464	1,031

Below is a reconciliation of the Group's definition of depreciation and amortisation from notes 15 and 16 to the income statement and adjusted performance measures across the asset categories:

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Amounts charged in respect of amortisation		
Amortisation of intangible assets (note 14)	2,840	1,943
Disposals (note 14)	(5)	–
Total amortisation per intangibles note	2,835	1,943
Less: amortisation included in discontinued operations (note 32)	(18)	(125)
Total amortisation from continuing operations	2,817	1,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. OPERATING PROFIT CONTINUED

Amounts charged in respect of depreciation	15-month period ended 31 March 2025			Year ended 30 December 2023		
	Property, plant and equipment £000s	Right of use assets £000s	Total £000s	Property, plant and equipment £000s	Right of use assets £000s	Total £000s
Depreciation (notes 15,16)	22,064	18,568	40,632	19,075	14,598	33,673
Accelerated depreciation relating to hire stock customer losses and hire stock write-offs (notes 15,16)	7,289	277	7,566	6,371	282	6,653
Loss on disposal of non-hire property, plant and equipment before proceeds (notes 15,16)	631	6,460	7,091	283	2,762	3,045
Accelerated depreciation on exit of trading locations (notes 15,16)	351	1,232	1,583	516	943	1,459
Total depreciation per tangible asset notes	30,335	26,537	56,872	26,245	18,585	44,830
Less: proceeds on disposal of non-hire property, plant and equipment	(17)	–	(17)	(541)	–	(541)
Less: profit on surrender of leases	(2,102)	(6,099)	(8,201)	(120)	(1,675)	(1,795)
Total depreciation included in the income statement and statement of cash flows	28,216	20,438	48,654	25,584	16,910	42,494
Less: depreciation included within exceptional items	956	(971)	(15)	(525)	(1,139)	(1,664)
Total depreciation for use in calculating total underlying performance measures (note 33)	29,172	19,467	48,639	25,059	15,771	40,830
Less: depreciation from discontinued operations (note 32)	(4,605)	(170)	(4,775)	(6,933)	(980)	(7,913)
Total depreciation for use in calculating continuing underlying measures (note 33)	24,567	19,297	43,864	18,126	14,791	32,917

Accelerated depreciation relating to hire stock customer losses and hire stock write-offs reflect the net book value of disposals of hire stock before any proceeds received in respect of those disposals.

10. EMPLOYEES

The average number of people employed by the Group (including Directors) during the period was as follows:

	15-month period ended 31 March 2025 Number	Year ended 30 December 2023 Number
Distribution	373	392
Hire stock and inventory maintenance	167	213
Sales and administration	1,442	1,519
Total average number of people employed by the Group	1,982	2,124
Discontinued operations	(124)	(183)
Total average number of people employed by the Group on a continuing basis	1,858	1,941

The aggregate remuneration costs of these employees were as follows:

	£000s	£000s
Wages and salaries	98,886	75,371
Social security costs	10,588	8,144
Pension costs	3,049	2,424
Share-based payment expense	628	593
Total staff costs	113,151	86,532
Discontinued operations	(7,826)	(8,066)
Total staff costs on a continuing basis	105,325	78,466
Less: amounts capitalised (see below)	(2,556)	(2,143)
Total charged to the consolidated income statement on a continuing basis	102,769	76,323

During the period, remuneration costs of £1.9m (2023: £1.4m) were capitalised in association with internal software development. In addition, costs associated with the in-fleeting of hire equipment of £0.7m (2023: £0.7m) were also capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. EMPLOYEES CONTINUED

IAS 24 Related Party Disclosures (IAS 24) requires the Group to disclose all transactions and outstanding balances with the Group's key management personnel. IAS 24 defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The key management personnel of the Group comprise the Executive Directors along with senior managers from central support services and divisional and regional operations.

During the current year 26 individuals were identified as key management (2023: 19), their aggregate remuneration was as follows:

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Wages and salaries	5,088	2,748
Bonus	319	–
Other pension costs	335	143
Share-based payment expense	607	428
Total charged to Consolidated Income Statement	6,349	3,319
Discontinued operations	739	417
Total key management remuneration	7,088	3,736

11. DIRECTORS' REMUNERATION

The remuneration costs of the Group's Directors were:

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Aggregate emoluments	1,622	996
Bonus	287	–
Pension costs	84	55
Directors' emoluments	1,993	1,051
Share-based payment expense	–	–
Total charged to Consolidated Income Statement	1,993	1,051

Separately to the above is the fee of £49,863 (2023: £40,000) for one Director (2023: one) that is paid to Exponent Private Equity LLP (note 28).

In addition to the amounts included above and discussed further in the Directors Remuneration Report, amounts were payable under the Group's ESA Plan to the Directors of £Nil (2023: £3,654k) of which £Nil (2023: £2,194k) was payable to the highest-paid Director.

The remuneration of the highest-paid Director was:

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Aggregate emoluments	521	396
Bonus	287	–
Pension costs	45	31
Director's emoluments	853	427
Share-based payment expense	–	–
Total charged to Consolidated Income Statement	853	427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. INCOME TAX CHARGE

a) Analysis of tax charge in the period

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Current tax charge/(credit)		
UK corporation tax on the result for the period	558	236
Adjustments in respect of prior years	156	(1,061)
Total current tax charge/(credit)	714	(825)
Deferred tax charge for the period		
Deferred tax charge for the period	(359)	4,935
Deferred tax impact of change in tax rate	–	(27)
Adjustments in respect of prior years	925	660
Total deferred tax charge (see note 23)	566	5,568
Income tax charge	1,280	4,743
Continuing and discontinued operations		
Income tax expense from continuing operations	686	3,987
Income tax expense from discontinued operations	594	756
	1,280	4,743

b) Factors that may affect future tax charge

The standard rate of UK corporation tax increased to 25% from 1 April 2023. The increased rate has been used to calculate the above deferred tax disclosures.

At 31 March 2025 the Group had an unrecognised deferred tax asset relating to losses of £29.5m (2023: £21.1m). The gross value of this balance at 31 March 2025 was £117.9m (2023: £84.5m).

At 31 March 2025 the Group also had an unrecognised deferred tax asset relating to temporary differences on plant and equipment, intangible assets and provisions of £11.8m (2023: £3.1m). The gross value of this balance at 31 March 2025 was £47.3m (2023: £12.5m).

The unrecognised deferred tax assets have not been recognised on the basis that it is not sufficiently certain when taxable profits that can be utilised to absorb the reversal of the temporary difference will occur.

c) Factors affecting the income tax charge/(credit) in the period

The tax assessed on the profit for the period differs from the standard UK corporation rate of tax. The differences are explained below:

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
(Loss)/Profit after tax	(129,713)	4,237
Income tax expense, including on discontinued operations	1,280	4,743
Profit before tax, including discontinued operations	(128,433)	8,980
Profit before tax multiplied by the effective standard rate of corporation tax of 25% (2023: 23.5%)	(32,108)	2,110
Effects of:		
Unprovided deferred tax movements on short-term temporary differences and capital allowance timing differences	10,868	(2,715)
Adjustments in respect of prior years	1,109	(380)
Expenses not deductible for tax purposes	17,358	261
(Recognition)/derecognition of brought forward tax losses and temporary timing differences	4,228	6,485
Utilisation of unrecognised tax losses brought forward	–	(739)
Differential in overseas tax rates	(175)	(252)
Impact of change in tax rate	–	(27)
Income tax charge/(credit)	1,280	4,743

The charge of £17.4m (2023: £0.3m) arising in respect of expenses not deductible is mainly attributable to costs associated with the impairment of intangible assets, share options awarded to some employees and the Group exiting property leases. The amount has increased in the current period due mainly to the impairment losses (see note 14).

The deferred tax charge of £0.6m (2023: £5.6m) was substantially lower as during the prior year there was a marked reduction in forecasted levels of loss utilisation with an associated derecognition of deferred tax assets on the balance sheet. More details regarding the judgements associated with recognition of deferred tax assets are included within note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. EARNINGS PER SHARE

Basic earnings per share:

	Profit after tax from total operations	Profit after tax from continuing operations	Weighted average number of shares	Earnings after tax from total operations per share	Earnings after tax from continuing operations per share
15-month period ended 31 March 2025	(129,713)	(130,987)	708,819	(18.30)	(18.48)
Year ended 30 December 2023	4,237	2,938	704,988	0.60	0.42

Basic earnings per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue for that period. Diluted earnings per share is calculated using the profit for the period divided by the weighted average number of shares outstanding assuming the conversion of potentially dilutive equity derivatives outstanding, being market value options, nil-cost share options (LTIP shares) and restricted stock grants, as disclosed in note 25.

Diluted earnings per share:

	Profit after tax from total operations	Profit after tax from continuing operations	Weighted average number of shares	Earnings after tax from total operations per share	Earnings after tax from continuing operations per share
15-month period ended 31 March 2025	(129,713)	(130,987)	726,597	(17.85)	(18.03)
Year ended 30 December 2023	4,237	2,938	728,238	0.58	0.40

The following reconciles basic earnings per share and the underlying basic earnings per share:

	15-month period ended 31 March 2025		Year ended 30 December 2023	
	Total pence	Continuing pence	Total pence	Continuing pence
Basic earnings per share	(18.30)	(18.48)	0.60	0.42
Add back:				
Non-underlying items per share ¹	17.46	17.19	0.40	0.39
Amortisation of customer relationships and brands per share ²	–	–	0.02	–
Tax charge per share	0.18	0.10	0.67	0.57
Underlying earnings before tax	(0.66)	(1.19)	1.69	1.38
Charge:				
Tax charge at prevailing rate	0.16	0.30	(0.40)	(0.32)
Underlying basic earnings per share	(0.50)	(0.89)	1.29	1.06

The following reconciles diluted earnings per share and adjusted diluted earnings per share:

	15-month period ended 31 March 2025		Year ended 30 December 2023	
	Total pence	Continuing pence	Total pence	Continuing pence
Diluted earnings per share	(17.85)	(18.03)	0.58	0.42
Add back:				
Non-underlying items per share ¹	17.03	16.77	0.39	0.39
Amortisation of customer relationships and brands per share ²	–	–	0.02	–
Tax charge per share	0.18	0.09	0.66	0.57
Underlying earnings before tax	(0.64)	(1.17)	1.65	1.38
Charge:				
Tax charge at prevailing rate	0.16	0.29	(0.40)	(0.32)
Underlying diluted earnings per share	(0.48)	(0.88)	1.25	1.06

- 1 Non-underlying items per share is calculated as total finance and non-finance non-underlying items divided by the diluted weighted average number of shares in issue through the period.
- 2 Amortisation of customer relationships and brands per share is calculated as the amortisation charge on customer relationships and brands divided by the diluted weighted average number of shares in issue through the period.

All of the Group's potentially dilutive equity derivative securities were dilutive for the purpose of diluted earnings per share in both 2025 and 2023.

The weighted average number of shares for the purposes of calculating the underlying diluted earnings per share is as follows:

	15-month period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Weighted average number of shares		
Basic	708,819	704,988
LTIP share options (note 25)	1,018	3,003
Restricted stock grant (note 25)	16,730	20,164
Company Share Option Plan (CSOP) options (note 25)	30	83
Diluted	726,597	728,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INTANGIBLE ASSETS

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 31 December 2023	115,855	25,400	22,585	39,462	203,302
Additions	–	–	–	3,569	3,569
Reclassification of assets as held for sale (see note 31)	(7,510)	–	–	(4)	(7,514)
Disposed of with business divestiture (see note 32)	(6,053)	(900)	(685)	–	(7,638)
Disposals	–	–	–	(42)	(42)
At 31 March 2025	102,292	24,500	21,900	42,985	191,677
Amortisation					
At 31 December 2023	–	25,382	361	24,577	50,320
Charge for the period	–	14	4	2,822	2,840
Impairment charge	64,328	–	–	3,506	67,834
Disposed of with business divestiture (see note 32)	–	(896)	(365)	–	(1,261)
Disposals	–	–	–	(47)	(47)
At 31 March 2025	64,328	24,500	–	30,858	119,686
Net book value					
At 31 March 2025	37,964	–	21,900	12,127	71,991
Analysis of goodwill, indefinite life brands, other brands and customer relationships by cash generating unit:					
Allocated to	Goodwill £000s	Indefinite life brands £000s	Other brands £000s	Customer relationships £000s	Total £000s
HSS Core Operations	–	–	–	–	–
HSS ProService	37,964	21,900	–	–	59,864
At 31 March 2025	37,964	21,900	–	–	59,864

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 1 January 2023	115,855	25,400	22,585	32,764	196,604
Additions	–	–	–	7,058	7,058
Disposals	–	–	–	(360)	(360)
At 30 December 2023	115,855	25,400	22,585	39,462	203,302
Amortisation					
At 1 January 2023	–	25,291	327	23,119	48,737
Charge for the year	–	91	34	1,818	1,943
Disposals	–	–	–	(360)	(360)
At 30 December 2023	–	25,382	361	24,577	50,320
Net book value					
At 30 December 2023	115,855	18	22,224	14,885	152,982

Analysis of goodwill, indefinite life brands, other brands and customer relationships by cash generating unit:

Allocated to	Goodwill £000s	Indefinite life brands £000s	Other brands £000s	Customer relationships £000s	Total £000s
HSS Core Operations	64,328	–	–	–	64,328
HSS ProService	37,964	21,900	–	–	59,864
HSS Core – Ireland	7,510	–	–	–	7,510
HSS Power	6,053	–	324	19	6,396
At 30 December 2023	115,855	21,900	324	19	138,098

Following the disposal of the Power companies during the period, the only intangible assets from business combinations on the balance sheet are goodwill and the indefinite life brand.

For the purpose of calculating Underlying EBITDA and Underlying EBITA, amortisation is calculated as the total amortisation for the period as well as the loss on disposal of intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INTANGIBLE ASSETS CONTINUED

The Group tests property, plant and equipment, right of use assets, goodwill and brands for impairment annually and considers at each reporting date whether there are indicators that impairment may have occurred. In identifying indicators of impairment management considers current market capitalisation, asset obsolescence and closures, adverse trading performance and any other relevant wider economic or operational factors.

The recoverable amounts of the goodwill and indefinite life brands, which are allocated to CGUs, are estimated from VIU calculations from current and prior reporting periods, which model pre-tax cash flows for the next five years (2023: five years) together with a terminal value using a long-term growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are those regarding the discount rate, long-term growth rate, forecast EBITDA and capital expenditure including cash flows required to maintain the Group's right of use assets.

The key variables applied to the VIU calculations were determined as follows:

- Cash flows, including forecast capital expenditure, were derived based on the budget for FY26 and the following two years (to the end of FY28).
- Cash flows were then tapered down to a long-term growth rate to reflect expectations of spend in the following years, for a model of five years in total after which a long-term growth rate into perpetuity is applied to calculate a terminal value. The long-term growth factor used was 2.0% for each of the CGUs (2023: 2.0%), being the long-term inflation target per the Bank of England.
- A pre-tax discount rate of 13.6% (2023: 13.3%), calculated by reference to a weighted average cost of capital based on an industry peer group of quoted companies and including a 3.1% premium reflective of the Group's market capitalisation (2023: 3.1%).

Based on the testing performed, the Directors have identified an impairment within HSS Core Operations. The impairment identified was £113.5m in total. As this impairment exceeds the Goodwill of £64.3m allocated to the CGU, the remaining impairment charge was allocated pro-rata to the other assets of the CGU, except software against which a full impairment was allocated. The allocation exercise is illustrated below:

HSS Core Operations – Segmental Assets (£m)	Pre-impairment	Impairment	Closing
Intangible assets – goodwill	£64.3m	(£64.3m)	–
Intangible assets – software	£3.5m	(£3.5m)	–
Property, plant and equipment	£65.5m	(£27.8m)	£37.7m
Right of use assets	£42.2m	(£17.9m)	£24.3m
Net working capital	(£9.4m)	–	(£9.4m)
Total	£166.1m	(£113.5m)	£52.6m

There was no impairment in respect of the Group's other remaining CGU, HSS ProService, in respect of any of the property, plant and equipment, goodwill or indefinite life brands at the balance sheet date.

The Group's recent Annual Reports have shown a progressive reduction in the headroom in the HSS Core Operations CGU over the past few years as the hire market continues to be challenging, with many peers experiencing similar reductions in demand in recent years. The Group's previous budget and forecast for the HSS Core Operations CGU have been revised downwards in light of the challenging market conditions and this has been the main trigger for the impairment charge.

As discussed in note 2, an impairment charge may be identified or increased if changes to any of the factors mentioned above become significant. This includes under-performance versus forecasts, negative changes in the UK tool hire market, a deterioration in the UK economy, or other factors which would cause the Directors to reconsider their assumptions and revise their cash flow projections. Given the material nature of the impairment charge and the significant estimation uncertainty involved, the Group has disclosed below the potential change to the impairment charge based on the following adjustments to estimates included in the VIU model.

Change in assumption within the value in use models for HSS Core Operations	Adj.	Change	Adj.	Change
Permanent reduction in EBITDA of X%	1%	(£3.0m)	2%	(£5.6m)
Increase in the discount rate of X%	1%	(£3.0m)	2%	(£5.5m)
Reduction in the long-term growth rate to X%	1%	(£2.2m)	0%	(£4.1m)
Impact of a reduction in the required annual capital expenditure budget of £Xm to deliver forecast EBITDA	£1m	£9.4m	£2m	£18.8m

As the Goodwill has been fully impaired in HSS Core Operations, further impairment charges identified would be assessed against the carrying value of other assets of the CGU in accordance with IAS 36, which have a carrying value of £52.6m after the impairment charge.

The Directors consider the impact of climate-related risks and opportunities in the VIU calculation. Specifically, assumptions are incorporated around the performance of certain weather dependent seasonal revenue streams. The Directors have not identified any other significant climate-related factors to incorporate into the VIU calculation.

The Directors also noted that the market capitalisation of the Group at the balance sheet date was below the consolidated net asset position – which is an indicator that an impairment may exist. Whilst this indicator of impairment has been noted, there is no identified impairment recognised beyond those identified in the impairment reviews noted above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INTANGIBLE ASSETS CONTINUED

The Directors carried out sensitivity analysis on various inputs to the models, including growth rates and discount rates, which did not result in an impairment charge for HSS ProService. The level of headroom was sufficient that the Directors did not believe a reasonably possible change could trigger an impairment in this CGU.

The following tables summarise the results of sensitivity testing and scenario modelling on the headroom from impairment testing in respect of the Group's CGUs in the current and prior period:

	31 March 2025		30 December 2023		
	HSS ProService	HSS ProService	HSS Core Operations	HSS Power	HSS Operations – Ireland
Headroom between VIU and carrying value before sensitivity	£9.8m	£25.3m	£31.5m	£2.2m	£10.9m
Discount rate required to eliminate the headroom above	14.8%	16.3%	15.7%	14.5%	19.7%
Long-term growth rate required to eliminate the headroom above	0.5%	(2.0%)	(1.4%)	0.4%	(7.8%)
The permanent reduction in EBITDA before an impairment would be triggered	7.2%	9.2%	5.6%	3.1%	14.2%
Headroom with 0% long-term growth and an increase of 1% to the discount rate before mitigating actions	(£9.4m)	£3.3m	(£0.3m)	(£2.0m)	£5.5m

At the balance sheet date, the Group's HSS Operations – Ireland CGU was designated as a disposal group held for sale. At this time the Group considered whether there was any impairment to recognise against the disposal group.

The Directors considered the net assets of the disposal group against the anticipated disposal proceeds which were deemed the recoverable amount, less the forecast costs of disposal. On this basis it was determined that no impairment was required. Whilst this judgement is significant to the Financial Statements, the post-year end disposal of HSS Hire Ireland has provided further evidence of the recoverable amount for the CGU (see note 34).

15. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings £000s	Plant & machinery £000s	Materials & equipment held for hire £000s	Total £000s
Cost				
At 31 December 2023	35,759	21,912	181,054	238,725
Transferred from right of use assets	–	–	658	658
Transferred to right of use assets	–	–	–	–
Additions	1,489	1,545	24,332	27,366
Disposals	(7,744)	(3,599)	(26,179)	(37,522)
Disposed on business divestiture (note 32)	(1,414)	(1,291)	(39,278)	(41,983)
Reclassification of assets as held for sale (note 31)	(2,145)	(1,894)	(21,200)	(25,239)
Re-measurement	(610)	–	–	(610)
Foreign exchange differences	(36)	(7)	(400)	(443)
Transfers	605	(636)	–	(31)
At 31 March 2025	25,904	16,030	118,987	160,921
Accumulated depreciation				
At 31 December 2023	26,539	19,140	99,863	145,542
Transferred from right of use assets	–	–	428	428
Transferred to right of use assets	–	–	–	–
Charge for the year	2,589	1,294	18,181	22,064
Disposals	(7,217)	(3,495)	(18,890)	(29,602)
Disposed on business divestiture (note 32)	(1,007)	(1,210)	(26,757)	(28,974)
Reclassification of assets as held for sale (note 31)	(1,675)	(1,714)	(11,201)	(14,590)
Impairment of property, plant and equipment (note 14)	2,396	903	24,502	27,801
Accelerated depreciation on exit of trading locations	342	9	–	351
Foreign exchange differences	(14)	(3)	(85)	(102)
Transfers	–	(134)	103	(31)
At 31 March 2025	21,953	14,790	86,144	122,887
Net book value				
At 31 March 2025	3,951	1,240	32,843	38,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Accelerated depreciation on exit of trading locations relates to additional depreciation charged as a result of reductions to specific useful economic lives when branches cease operations early: see note 7 for more details.

	Land & buildings £000s	Plant & machinery £000s	Materials & equipment held for hire £000s	Total £000s
Cost				
At 1 January 2023	35,045	29,196	174,508	238,749
Transferred from right of use assets	–	–	372	372
Transferred to right of use assets	–	–	(483)	(483)
Additions	1,680	847	29,551	32,078
Disposals	(724)	(8,128)	(22,753)	(31,605)
Re-measurement	(216)	–	–	(216)
Foreign exchange differences	(26)	(3)	(141)	(170)
At 30 December 2023	35,759	21,912	181,054	238,725
Accumulated depreciation				
At 1 January 2023	23,957	26,122	100,895	150,974
Transferred from right of use assets	–	–	323	323
Transferred to right of use assets	–	–	(380)	(380)
Charge for the year	2,531	1,248	15,296	19,075
Disposals	(444)	(8,124)	(16,382)	(24,950)
Accelerated depreciation on exit of trading locations	507	9	–	516
Foreign exchange differences	(12)	–	(4)	(16)
Transfers	–	(115)	115	–
At 30 December 2023	26,539	19,140	99,863	145,542
Net book value				
At 30 December 2023	9,220	2,772	81,191	93,183

The transferred from right of use category represents the acquisition of right of use assets at expiry of the lease in cases where the title is transferred to the Group. Impairment testing performed on non-current assets can be found in note 14, which includes the impairment review of intangible assets.

The impairment charge recognised against property, plant and equipment of £27.8m is a product of the impairment review in respect of HSS Core Operations which is discussed in more detail in note 14.

Included within property, plant and equipment are assets against which charges have been registered as security against their acquisition through hire purchase arrangements. The total value of assets subject to these securities at the balance sheet date was £21.0m (2023: £20.5m).

During the prior year, as part of a routine review of the useful lives of assets, the Group revised the useful economic lives of assets included within the 'material and equipment held for hire' class of property, plant and equipment. As part of this review, the Group has considered the levels of disposals and write-offs for these assets, as well as their period of service in the business and anticipated remaining useful economic lives. The result of this review was that certain assets' useful lives were extended but remained within the original estimates as disclosed in note 4 to the Group's 2022 Consolidated Financial Statements, with one exception.

The Group's powered access equipment had previously been depreciated over between five and ten years but has been revised to between five and fifteen years from the start of the prior period; this was due to evidence that this equipment was being consistently used for a period in excess of its original estimate. The total impact of the change was a reduction in depreciation for these assets of £2.7m in the prior financial period; the impact on future periods is expected to be materially the same as the current year subject to the impact of future additions and disposals. All changes to estimates have been applied prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. RIGHT OF USE ASSETS

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment held for hire £000s	Total £000s
Cost					
At 31 December 2023	52,935	27,908	–	4,134	84,977
Additions	8,376	18,019	137	1,384	27,916
Re-measurements	(247)	–	–	–	(247)
Transferred to property, plant and equipment	–	–	–	(658)	(658)
Transferred from property, plant and equipment	–	–	–	–	–
Disposals	(13,847)	(9,316)	–	(555)	(23,718)
Disposed of with business divestiture (see note 32)	(3,779)	(1,801)	(30)	–	(5,610)
Reclassification of assets as held for sale (see note 31)	(2,393)	(2,127)	–	–	(4,520)
Foreign exchange differences	(88)	(59)	–	–	(147)
At 31 March 2025	40,957	32,624	107	4,305	77,993
Accumulated depreciation					
At 31 December 2023	21,321	10,303	–	1,542	33,166
Transferred to property, plant and equipment	–	–	–	(428)	(428)
Transferred from property, plant and equipment	–	–	–	–	–
Charge for the period	9,088	8,471	44	965	18,568
Accelerated depreciation on exit of trading locations	1,232	–	–	–	1,232
Impairment of right of use assets (note 14)	8,318	8,829	–	766	17,913
Disposals	(8,751)	(7,954)	–	(277)	(16,982)
Disposed of with business divestiture (see note 32)	(1,942)	(748)	–	–	(2,690)
Reclassification of assets as held for sale (see note 31)	(677)	(769)	–	–	(1,446)
Foreign exchange differences	(21)	(27)	–	–	(48)
At 31 March 2025	28,568	18,105	44	2,568	49,285
Net book value					
At 31 March 2025	12,389	14,519	63	1,737	28,708

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment held for hire £000s	Total £000s
Cost					
At 1 January 2023	56,895	31,613	520	3,606	92,634
Additions	5,243	12,882	–	1,062	19,187
Re-measurements	(608)	–	–	–	(608)
Transferred to property, plant and equipment	–	–	–	(372)	(372)
Transferred from property, plant and equipment	–	–	–	483	483
Disposals	(8,558)	(16,573)	(520)	(645)	(26,296)
Foreign exchange differences	(37)	(14)	–	–	(51)
At 30 December 2023	52,935	27,908	–	4,134	84,977
Accumulated depreciation					
At 1 January 2023	20,540	18,909	502	870	40,821
Transferred to property, plant and equipment	–	–	–	(323)	(323)
Transferred from property, plant and equipment	–	–	–	380	380
Charge for the period	6,625	6,976	18	979	14,598
Accelerated depreciation on exit of trading locations	943	–	–	–	943
Disposals	(6,787)	(15,582)	(520)	(364)	(23,253)
At 30 December 2023	21,321	10,303	–	1,542	33,166
Net book value					
At 30 December 2023	31,614	17,605	–	2,592	51,811

The transferred to property, plant and equipment category represents the acquisition of right of use assets at expiry of the lease in cases where the title is transferred to the Group.

Accelerated depreciation on exit of trading locations relates to additional depreciation charged as a result of reductions to specific useful economic lives when branches cease operations early: see note 7 for more details.

The impairment charge recognised against right of use assets of £17.9m is a product of the impairment review in respect of HSS Core Operations which is discussed in more detail in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. INVENTORIES

	31 March 2025 £000s	30 December 2023 £000s
Inventories	2,446	2,759
Inventory spares	636	1,206
Total inventories	3,082	3,965
Provision for impairment	(65)	(142)
Inventories	3,017	3,823

	31 March 2025 £000s	30 December 2023 £000s
Provision for impairment of inventories		
Balance at the beginning of the year	142	685
Additions	20	24
Utilisation	(97)	(567)
Balance at the end of the year	65	142

The cost of inventories recognised as an expense and included in cost of sales is £8.2m (2023: £18.1m) and includes the write-off of inventories to the value of £0.1m (2023: £0.3m).

18. TRADE AND OTHER RECEIVABLES

	31 March 2025			
	Gross £000s	Provision for impairment £000s	Provision for credit notes £000s	Net of provision £000s
Trade receivables	64,419	(2,998)	(4,821)	56,600
Accrued income	4,653	(39)	–	4,614
Total trade receivables and contract assets	69,072	(3,037)	(4,821)	61,214
Net investment in sublease	23	–	–	23
Other debtors	3,982	–	–	3,982
Prepayments	7,143	–	–	7,143
Total trade and other receivables	80,220	(3,037)	(4,821)	72,362

	30 December 2023			
	Gross £000s	Provision for impairment £000s	Provision for credit notes £000s	Net of provision £000s
Trade receivables	76,620	(3,607)	(5,528)	67,485
Accrued income	13,318	(103)	–	13,215
Total trade receivables and contract assets	89,938	(3,710)	(5,528)	80,700
Net investment in sublease	569	–	–	569
Other debtors	5,846	–	–	5,846
Prepayments	6,326	–	–	6,326
Total trade and other receivables	102,679	(3,710)	(5,528)	93,441

Included in other debtors is £Nil (2023: £2.8m) relating to tax receivables.

The following table details the movements in the provisions for impairment of trade receivables and contract assets and credit notes:

	31 March 2025 Provision for impairment £000s	31 March 2025 Provision for credit notes £000s	30 December 2023 Provision for impairment £000s	30 December 2023 Provision for credit notes £000s
Balance at the beginning of the period	(3,710)	(5,528)	(3,449)	(5,554)
Increase in provision	(2,770)	(4,493)	(2,183)	(4,166)
Disposed of with business divestiture (note 32)	45	63	–	–
Reclassified as part of assets held for sale (note 31)	110	142	–	–
Utilisation	3,288	4,995	1,922	4,192
Balance at the end of the period	(3,037)	(4,821)	(3,710)	(5,528)

The bad debt provision based on expected credit losses and applied to trade receivables, all of which are current assets, is as follows:

	Current £000s	0-60 days past due £000s	61-365 days past due £000s	1-2 years past due £000s	Total £000s
31 March 2025					
Trade receivables and contract assets	54,938	5,710	6,576	1,848	69,072
Expected loss rate (%)	0.7%	2.5%	21.9%	59.0%	4.4%
Provision for impairment	359	145	1,443	1,090	3,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. TRADE AND OTHER RECEIVABLES CONTINUED

30 December 2023	Current £000s	0-60 days past due £000s	61-365 days past due £000s	1-2 years past due £000s	Total £000s
Trade receivables and contract assets	73,810	7,594	7,031	1,503	89,938
Expected loss rate (%)	0.6%	2.4%	24.1%	90.6%	4.1%
Provision for impairment	469	184	1,696	1,361	3,710

Contract assets consist of accrued income which is invoiced to customers in the next financial period.

The bad debt provision is estimated using the simplified approach to expected credit loss methodology and is based upon past default experience and the Directors' assessment of the current economic environment for each of the Group's ageing categories.

The Directors have given specific consideration to the macroeconomic uncertainty leading to pressures on businesses facing staff and material shortages and, more latterly, increased inflation. At the balance sheet date, similar to 2023, the Group considers that historical losses are not a reliable predictor of future failures and has exercised judgement in increasing the expected loss rates across all categories of debt. In so doing the Group has applied an adjusted risk factor of 1.125x (2023: 1.25x) to reflect the increased risk of future insolvency. In so doing the provision has been increased by £0.3m (2023: £0.7m) from that which would have been required based on loss experience over the past two years. As in the prior year, historical loss rates have been increased where debtors have been identified as high risk with a reduction applied to customer debt covered by credit insurance.

The total amount expensed was £3.5m (2023: £3.0m). Unless the counterparty is in liquidation, these amounts are still subject to enforcement actions.

In line with the requirements of IFRS 15, provisions are made for credit notes expected to be raised after year end for income recognised during the year (see note 2).

The combined provisions for bad debt and credit notes amount to 11.4% of trade receivables and contract assets at 31 March 2025 (2023: 10.3%). A 0.5% increase in the combined provision rate would give rise to an increased provision of £0.3m (2023: £0.4m).

19. TRADE AND OTHER PAYABLES

	31 March 2025 £000s	30 December 2023 £000s
<i>Current</i>		
Trade payables	50,339	50,410
Other taxes and social security costs	4,516	4,631
Other creditors	2,322	1,020
Accrued interest on borrowings	499	716
Accruals	22,790	27,204
Deferred income	1,186	1,336
	81,652	85,317

All deferred income relates to goods and services to be provided to customers in the next financial period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. LEASE LIABILITIES

	31 March 2025 £000s	30 December 2023 £000s
Lease liabilities – Current	12,562	14,548
Lease liabilities – Non-current	38,796	42,822
	51,358	57,370

The interest rates on the Group's lease liabilities are as follows:

	31 March 2025	30 December 2023
Equipment for hire	Fixed 6.3 to 19.1%	10.6 to 19.1%
Other	Fixed 3.5 to 7.7%	5.7 to 6.1%

The weighted average interest rates on the Group's lease liabilities are as follows:

	31 March 2025	30 December 2023
Lease liabilities	6.9%	6.4%

The lease liability movements are detailed below:

	Property £000s	Vehicles £000s	Equipment for hire and internal use £000s	Total £000s
Lease liability movement				
At 31 December 2023	35,940	18,158	3,272	57,370
Additions	7,690	18,049	1,488	27,227
Re-measurements	(321)	–	–	(321)
Unwind of discount	2,506	1,631	413	4,550
Payments (including interest)	(12,829)	(9,995)	(1,982)	(24,806)
Disposals	(4,883)	(1,579)	–	(6,462)
Disposed of with business divestiture (see note 32)	(2,019)	(1,028)	(27)	(3,074)
Reclassification of liabilities as held for sale (see note 31)	(1,761)	(1,278)	–	(3,039)
Foreign exchange differences	(70)	(17)	–	(87)
At 31 March 2025	24,253	23,941	3,164	51,358

Lease liability movement

	Property £000s	Vehicles £000s	Equipment for hire and internal use £000s	Total £000s
At 1 January 2023	39,268	13,472	3,552	56,292
Additions	5,167	12,955	1,126	19,248
Re-measurements	(720)	–	–	(720)
Unwind of discount	2,320	764	536	3,620
Payments (including interest)	(9,483)	(7,924)	(1,942)	(19,349)
Disposals	(584)	(1,091)	–	(1,675)
Foreign exchange differences	(28)	(18)	–	(46)
At 30 December 2023	35,940	18,158	3,272	57,370

The Group's leases have the following maturity profile:

	31 March 2025 £000s	30 December 2023 £000s
Less than one year	15,622	17,735
Two to five years	35,558	37,765
More than five years	11,038	13,375
	62,218	68,875
Less interest cash flows:	(10,860)	(11,505)
Total principal cash flows	51,358	57,370

The maturity profile, excluding interest cash flows, of the Group's leases is as follows:

	31 March 2025 £000s	30 December 2023 £000s
Less than one year	12,562	14,548
Two to five years	29,562	31,737
More than five years	9,234	11,085
	51,358	57,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. BORROWINGS

	31 March 2025 £000s	30 December 2023 £000s
Current		
Hire purchase arrangements	4,810	5,545
Non-current		
Hire purchase arrangements	7,624	9,930
Senior finance facility	56,528	69,085
Total non-current borrowings	64,152	79,015

The senior finance facility is stated net of transaction fees of £1.0m (2023: £0.9m) which are being amortised over the loan period.

The nominal value of the Group's loans at each reporting date is as follows:

	31 March 2025 £000s	30 December 2023 £000s
Hire purchase arrangements	12,434	15,475
Senior finance facility	57,500	70,000
Revolving credit facility	–	–
	69,934	85,475

The senior finance facility and revolving credit facility are covered by composite company unlimited multilateral guarantee across all Group subsidiaries and are secured over the assets of Hampshire TopCo Limited and Hero Acquisitions Limited and all of its subsidiaries. These subsidiaries comprise all of the trading activities of the Group. The £20.0m revolving credit facility includes a £6.0m overdraft facility.

The Group had undrawn committed borrowing facilities of £34.4m at 31 March 2025 (2023: £36.3m), including £14.4m (2023: £11.3m) of finance lines to fund hire fleet capital expenditure not yet utilised. Including net cash balances, the Group had access to £58.3m of combined liquidity from available cash and undrawn committed borrowing facilities at 31 March 2025 (2023: £68.2m).

The interest rates on the Group's borrowings are as follows:

			31 March 2025	30 December 2023
Hire purchase arrangements	Floating	percentage above NatWest base rate	2.2 to 2.5%	2.2 to 2.5%
Senior finance facility	Floating	percentage above SONIA	3.5%	3.0%
Revolving credit facility	Floating	percentage above NatWest base rate	3.5%	3.0%

The margin above of 3.5% (2023: 3.0%) that applies to the senior finance facility and revolving credit facility is subject to a ratchet mechanism, the output of which, following the refinancing exercise during the period ranges from 3.00% to 4.00% (2023: 2.75% to 3.75%). The specific margin to apply is dependent on the Group's net leverage position and updated quarterly based on the latest position.

The weighted average interest rates on the Group's borrowings are as follows:

	31 March 2025	30 December 2023
Hire purchase arrangements	6.9%	7.7%
Senior finance facility	8.0%	8.2%
Revolving credit facility	8.0%	8.2%

Amounts under the revolving credit facility are typically drawn for a one- to three-month borrowing period, with the interest set for each borrowing period based upon SONIA and a fixed margin.

The Group's borrowings have the following maturity profile:

	31 March 2025		30 December 2023	
	Hire purchase arrangements £000s	Borrowings £000s	Hire purchase arrangements £000s	Borrowings £000s
Less than one year	5,464	4,574	6,333	5,733
Two to five years	8,254	59,889	10,805	75,096
	13,718	64,463	17,138	80,829
<i>Less interest cash flows:</i>				
Hire purchase arrangements	(1,284)	–	(1,663)	–
Senior finance facility	–	(6,963)	–	(10,829)
Total principal cash flows	12,434	57,500	15,475	70,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. PROVISIONS

	Onerous property costs £000s	Dilapidations £000s	Onerous contracts £000s	Total £000s
At 31 December 2023	554	11,215	6,800	18,569
Additions	402	1,339	–	1,741
Utilised during the period	(499)	(1,871)	(4,111)	(6,481)
Unwind of discount	18	390	258	666
Impact of change in discount rate	(5)	127	(1)	121
Unused amounts reversed	(311)	(2,763)	–	(3,074)
Foreign exchange	–	(29)	–	(29)
Disposed of with business divestiture (see note 32)	–	(621)	–	(621)
Reclassification of liabilities as held for sale (see note 31)	–	(743)	–	(743)
At 31 March 2025	159	7,044	2,946	10,149
Current	146	2,540	2,946	5,632
Non-current	13	4,504	–	4,517
At 31 March 2025	159	7,044	2,946	10,149

	Onerous property costs £000s	Dilapidations £000s	Onerous contracts £000s	Total £000s
At 1 January 2023	117	11,380	9,806	21,303
Additions	492	230	–	722
Utilised during the period	(60)	(508)	(3,289)	(3,857)
Unwind of discount	5	377	311	693
Impact of change in discount rate	–	907	(28)	879
Unused amounts reversed	–	(1,153)	–	(1,153)
Foreign exchange	–	(18)	–	(18)
At 30 December 2023	554	11,215	6,800	18,569
Current	271	1,477	3,068	4,816
Non-current	283	9,738	3,732	13,753
At 30 December 2023	554	11,215	6,800	18,569

Onerous property costs

The provision for onerous property costs represents the current value of contractual liabilities for future rates payments and other unavoidable costs (excluding lease costs) on leasehold properties the Group no longer uses. The additions of £0.4m (2023: £0.5m) and the release of the provision of £Nil (2023: £Nil) have been treated as exceptional and are included in the property cost charge of £0.5m (2023: £0.8m) (note 7). These additions relate primarily to the UK branch network restructure discussed further in note 7. The releases in the prior year are the result of early surrenders being agreed with landlords – the associated liabilities are generally limited to the date of surrender but provided to the date of the first exercisable break clause to align with recognition of associated lease liabilities.

The liabilities, assessed on a property-by-property basis, are expected to arise over a period of up to three years (2023: six years) with the weighted average period expected for onerous property costs being 2.0 years (2023: 2.6 years). The onerous property cost provision is discounted at a rate of 4.28% (2023: 3.48%), representing a short-term risk-free rate based upon UK five-year GILT rates. Sensitivity analysis has not been conducted due to the immaterial nature of the remaining provision.

Dilapidations

An amount equal to the provision for dilapidation is recognised as part of the asset of the related property. The timing and amounts of future cash flows related to lease dilapidations are subject to uncertainty. The provision recognised is based on management's experience and understanding of the commercial retail property market and third party surveyors' reports commissioned for specific properties in order to best estimate the future outflow of funds, requiring the exercise of judgement applied to existing facts and circumstances, which can be subject to change. The estimates used by management in the calculation of the provision take into consideration the location, size and age of the properties. The weighted average dilapidations provision at 31 March 2025 was £6.16 per square foot (psf) (2023: £8.61 psf). The decrease is mainly due to a revision of the £ psf estimates in line with actual expenditure on the exit of properties. Estimates for future dilapidations costs are regularly reviewed as and when new information is available. Given the large portfolio of properties, the Directors do not believe it is useful or practical to provide sensitivities on a range of reasonably possible outcomes on a site-by-site basis. Instead, consideration is given to the impact of a sizeable shift in the average rate. A £1.00 psf increase in the dilapidations provision would lead to an increase in the provision at 30 December 2023 of £1.1m (2023: £1.2m).

The dilapidations provisions have been discounted depending on the remaining lease term and the rate is based on the five- or ten-year UK gilt yields of 4.28% and 4.68% respectively (2023: 3.48% and 3.54% respectively). A 1% increase in both the discount rates at 31 March 2025 would decrease the dilapidations provision by £0.3m (2023: £0.5m). The inflation rate applied in the calculation of the dilapidations provision was 3.5% for year 1 and thereafter 2.0% (2023: 5% for year 1 and a 2.5% average used thereafter).

The aggregate movement in additions, releases and change in discount rate has generated a net decrease of £1.3m (2023: decrease of £0.1m) to property, plant and equipment through asset additions, re-measurements and disposals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. PROVISIONS CONTINUED

Onerous contract

The onerous contract represents amounts payable in respect of the agreement reached in 2017 between the Group and Unipart to terminate the contract to operate the NDEC. Under the terms of that agreement, at 31 March 2025 £2.9m is payable over the period to 2026 (2023: £6.8m) and £3.3m has been paid during the year (2023: £3.3m). The provision has been re-measured to present value by applying a discount rate of 4.05% (2023: 3.98%). A 1% increase in the discount rate at 31 March 2025 would decrease the provision by £0.1m (2023: £0.1m).

23. DEFERRED TAX

Deferred tax is provided in full on taxable temporary differences under the liability method using applicable tax rates.

Deferred tax asset/(liability)	Other temporary timing differences £000s	Tax losses £000s	Property, plant and equipment and other items £000s	Acquired intangible assets £000s	Total £000s
At 31 December 2023	1,130	882	(96)	(86)	1,830
(Charge)/credit to the income statement – continuing operations	(1,130)	2,597	(21)	(2,116)	(670)
(Charge)/credit to the income statement – discontinued operations	–	–	67	37	104
Disposed of with business divestiture (note 32)	–	–	–	52	52
At 31 March 2025	–	3,479	(50)	(2,113)	1,316

Deferred tax asset/(liability)	Other temporary timing differences £000s	Tax losses £000s	Property, plant and equipment and other items £000s	Acquired intangible assets £000s	Total £000s
At 1 January 2023	–	7,367	148	(117)	7,398
(Charge)/credit to the income statement – continuing operations	1,130	(6,485)	(25)	–	(5,380)
(Charge)/credit to the income statement – discontinued operations	–	–	(219)	31	(188)
At 30 December 2023	1,130	882	(96)	(86)	1,830

Deferred tax assets have been recognised to the extent that management considers it probable that tax losses will be utilised. Due to trading losses in prior years, the Directors expect to phase in the recognition of taxable losses expected to be utilised in the medium and long term as they can better assess the probability of their utilisation. The level of losses to be utilised is measured by reference to the Board-approved budget and three-year plan, which is also used to determine value in use for the Group's cash generating units, as discussed in note 14. In the period ended 31 March 2025 a three-year (2023: three-year) recognition window has been applied.

The net deferred tax liability on property, plant and equipment and other items, and the deferred tax liability on acquired intangible assets, are stated after offset of deferred tax assets from available tax losses of £3.0m (2023: £2.9m) and £5.5m (2023: £5.5m) respectively.

At 31 March 2025, the Group had an unrecognised deferred tax asset relating to losses of £29.5m (2023: £21.1m). The gross value of the balance at 31 March 2025 was £117.9m (2023: £84.5m).

At 31 March 2025, the Group also had an unrecognised deferred tax asset relating to temporary differences on plant and equipment, intangible assets and provisions of £11.8m (2023: £3.1m). The gross value of the balance at 31 March 2025 was £47.3m (2023: £12.5m).

A deferred tax liability of £2.1m (2023: £0.1m) has been recognised on the net book value of brands. The Group is recognising the deferred tax liability on the basis that it will crystallise at a single point in time (2023: over time). On this basis the Group no longer expects to be able to fully mitigate the deferred tax liability with available carried forward tax losses that are subject to loss restrictions.

24. SHARE CAPITAL

The number of shares in issue and the related share capital and share premium are as follows:

	Ordinary shares Number	Ordinary shares £000s	Share premium £000s
At 30 December 2023	704,987,954	7,050	45,552
Shares Issued	5,818,910	58	–
At 31 March 2025	710,806,864	7,108	45,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. SHARE-BASED PAYMENTS

The Group operates share-based payment schemes as part of its reward and retention strategies. The key points of each of the Group's share schemes for grants up to 31 March 2025 are summarised below. All disclosure relates to both the Group and the Company.

Value Creation Plan

On 25 February 2021 a VCP award was granted to the Executive Directors and one senior manager. The VCP is triggered by an Exit Event (as defined in the rules of the scheme), with award value being calculated by reference to an increase in market value of the Group's equity. During the period, the award was modified in October 2024 to accommodate the operational separation of ProService and THSC.

The Directors and the Remuneration Committee have considered the likelihood of such an event being triggered, after weighing up all of the facts and circumstances that they were aware of as at 31 March 2025, deemed this improbable. The Directors and the Remuneration Committee will continue to evaluate this position, as facts and circumstances may evolve within a single reporting period that lead to the recognition of a VCP provision, which may be material in nature, in a subsequent period.

If an Exit Event has not occurred by the tenth anniversary of adoption of the Plan, or an Exit Event occurs but no payment is due to participants, each subsisting VCP Award will lapse.

Restricted stock grant

On 6 May 2022, 29 April 2021 and 2 July 2020 restricted stock grants (RSGs) were awarded to eligible colleagues. The options will vest over a three-year period, with the 2020 grants being subject to an additional two-year holding period. The awards were valued as the grant-date share price.

During the prior year, on 24 May 2023, 6,929,674 additional restricted stock grants were awarded to eligible colleagues. These options were subject to the same terms as the existing RSGs described above, with an estimated total fair value of £963k, using a weighted average share price of 13.9p. There are no market conditions associated with the RSGs, only the service condition described above and no exercise price is payable on these options. There were no other significant inputs or estimates included in the fair value estimated for these options. There were no issues of RSGs during the current period.

In the current period, 5,068,277 of the Group's RSGs were exercised during the year. Of the exercised options, 219,780 were from the Group's 2020 RSGs and 4,848,497 were from the Group's 2021 RSGs.

Also during the current period, 2,462,416 of the Group's 2021 RSGs lapsed, with none of the options from 2021 outstanding at the period end. The RSG balance at the period end of 14,603,603 is made up of 3,203,252 issued in 2020, 5,626,939 issued in 2022 and 5,773,412 issued in 2023.

Long-Term Incentive Plan

On 4 June 2019 share awards under the Long-Term Incentive Plan (LTIP) were issued to eligible colleagues in the form of nil-cost options over ordinary shares. During the previous year the LTIP options partially vested on the announcement of the results for the 2021 financial year and will, ordinarily, be released to the participant at the end of a further two-year holding period. The results for 2021 were announced in April 2022 and the end of the holding period at which point the shares are exercisable, was 6 May 2024. The awards were valued at the grant-date share price.

On the same date as the LTIP awards, tax-qualifying share options were granted as part of the LTIP awards (CSOP options) via a Company Share Option Plan approved by HM Revenue & Customs (HMRC). Each CSOP option is subject to the same performance targets as apply to the nil-cost options part of the LTIP and would have vested and been released at the same time as the nil-cost options. The exercise price of the CSOP option was 30p. If a CSOP option were exercised as a gain, the number of shares that may be delivered under the associated LTIP award will be reduced at exercise by the same value to ensure that the total pre-tax value of the original LTIP award delivered to the participant is not increased by the grant of the CSOP option.

As such, the LTIP comprises a bundled HMRC-approved option in respect of the first £30,000 worth of an award, and an unapproved LTIP award for amounts in excess of this HMRC limit. Therefore, the fair value of the award in aggregate is determined by reference to the market value of the original LTIP share awards at the date of grant.

During the prior year, 2,493,055 of the Group's LTIPs lapsed, with 3,002,533 of the LTIPs outstanding at the end of the prior period.

In the current period, 750,633 of the LTIPs were exercised. In addition, 2,251,900 of the LTIPs and all 83,333 of the CSOP options lapsed, leaving no options within either scheme outstanding at the period end. The table below reconciles the options outstanding during the year ended 31 March 2025:

	LTIP Number	RSG Number	CSOP Number
Outstanding at 31 December 2023	3,002,533	22,134,296	83,333
Granted	–	–	–
Exercised	(750,633)	(5,068,277)	–
Lapsed or cancelled	(2,251,900)	(2,462,416)	(83,333)
Cash settled	–	–	–
Outstanding at 31 March 2025	–	14,603,603	–
Weighted average remaining contractual life, years	–	7.1	–
Weighted average fair value of options granted, pence	–	17.4	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. SHARE-BASED PAYMENTS CONTINUED

The table below reconciles the options outstanding during the year ended 30 December 2023:

	LTIP Number	RSG Number	CSOP Number
Outstanding at 1 January 2023	3,002,533	17,259,340	83,333
Granted	–	6,929,674	–
Lapsed or cancelled	–	(2,054,718)	–
Cash settled	–	–	–
Outstanding at 30 December 2023	3,002,533	22,134,296	83,333
Weighted average remaining contractual life, years	5.4	8.2	5.4
Weighted average fair value of options granted, pence	35.9	18.0	–

The total charge for the year relating to employee share-based payment plans during the year ended 31 March 2025 was £628,000 (2023: £593,000), all of which related to equity-settled share-based payment transactions.

26. FINANCIAL INSTRUMENTS

Financial risk management

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, revenue and borrowings.

The Group's activities expose it to a variety of financial risks. Risk management is carried out under policies approved by the Board of Directors. Financial risk management is carried out by the Chief Financial Officer under a policy approved by the Board. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and liquidity risk, and receives regular reports on such matters. The Group does not engage in trading or speculative activities using derivative financial instruments.

Market risk

Market risk is the risk of a change in market prices, such as interest rates and foreign exchange rates. They will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk of a change in the Group's cash flows due to a change in interest rates.

The Group is only exposed to interest rate risk on its leases in respect of hire stock assets and its variable interest borrowings, such as the senior finance facility and revolving credit facility. The Directors continue to monitor developments in market interest rates on a regular basis. The effect of a 1% increase in interest rates on the Group's variable loans would lead to an increase in the interest charge of £0.7m (2023: £0.9m).

Interest rate sensitivity

The table below demonstrates the sensitivity to reasonably possible changes in interest rates on income and equity for the period when this movement is applied to the carrying value of financial assets and liabilities present at 31 March 2025:

Effect of:	Profit before tax		Equity	
	31 March 2025 £m	30 December 2023 £m	31 March 2025 £m	30 December 2023 £m
100 basis points increase	0.7	0.9	0.7	0.9
200 basis points increase	1.4	1.7	1.4	1.7

Refinancing risk

The Group manages its refinancing risk by not letting its borrowings run to their maturity. The Group successfully refinanced in February 2025 with the new senior finance facility and revolving credit facility due to expire on 30 September 2026.

The Group has sought a shorter extension than in previous refinancing exercises to accommodate ongoing group restructuring activities but the Directors remain confident that it will be possible to refinance once again when the facilities reach their maturity in September 2026.

The refinancing exercise in the period included modifications to the Group's covenant levels which were necessitated by the planned disposal of HSS Hire Ireland Limited; see Liquidity Risk for more details on the refinancing exercise as it impacted the Groups liquidity levels. See note 21 for more information on Borrowings.

Foreign exchange risk

Foreign exchange risk is the risk of a change in the Group's cash flows due to a change in foreign currency exchange rate. The Group is exposed to foreign currency exchange rate risk on the cash flows and carrying values of its Republic of Ireland subsidiary. Given the relatively small size of the Republic of Ireland operations compared with the Group, the Directors do not consider this to be a significant risk to the Group.

Asset risk

Asset risk is the risk of loss or damage to an asset adding to financial loss to the Group. Customers may damage hire equipment if they do not have the appropriate skills to use the equipment or lack a duty of care while using it. The cost of repairing or replacing the equipment can be substantial depending on the type of asset and in turn can lead to a loss of revenue until the asset is again available to be hired.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. FINANCIAL INSTRUMENTS CONTINUED

The Directors consider the Group's credit risk from cash, cash equivalents and deposits to be low as the Group only enters transactions with banks or financial institutions with a credit rating of A or above. The carrying amount of each financial asset represents the maximum exposure to credit loss.

The Group has policies in place to manage potential credit risk from trade receivables. Customer credit terms are determined using independent rating agency data and regularly updated to reflect any changes in customer circumstances or trading conditions. If no independent rating is available an internal assessment is made of the credit quality of the customer, taking into account their financial position and past trading history with the Group. The Group has entered into a credit insurance policy to cover potential losses from receivables with customers subject to the value and age of the balance owed which further reduces the Group's exposure to credit risk. The Directors do not expect any significant losses of receivables that have not been provided for as shown in note 18.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group regularly monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 21) at all times so that borrowing limits or covenants on borrowing facilities are not breached.

The financial covenant in place on the Group's senior finance and revolving credit facilities at 31 March 2025 is to maintain leverage (calculated as net debt divided by Underlying EBITDA on a cumulative last-12-month and continuing basis) at less than 3.5 times (2023: 3.0 times) and interest cover (calculated as Underlying EBITDA divided by net finance charges on a cumulative last-12-months basis) at more than 3.5 times (2023: 4.0 times).

The refinancing also included further reductions to covenants conditional on the disposal of Ireland. Subsequent to the disposal, the covenant levels for interest cover are temporarily reduced to 3.0 times until 2026 when they return to their original levels.

The Group's financial covenant testing occurs quarterly, at the end of each calendar quarter. Non-compliance with which could lead the associated liabilities to be reclassified as current liabilities. The Group's covenants were amended as part of the extension of the facilities that was negotiated during the year. This included a relaxation of the covenants during the next financial period, partly conditional on the disposal of HSS Hire Ireland Limited taking place (see note 31). The purpose of this is to ensure that compliance is not breached as a consequence of the additional short-term pressure expected in connection with the interest cover covenant after the disposal.

Capital management

The Group relies on capital for organic and acquisitive growth and the purchase of rental equipment to replace equipment that has reached the end of its useful economic life.

The Group defines capital as equity, as shown in the statement of financial position, plus net debt (total borrowings less cash) and seeks to achieve an acceptable return on gross capital.

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include ensuring the Group maintains sufficient liquidity and compliance with a bank covenant. In addition to the cash that the Group has generated from its operations, during recent years the Group conducted a capital raise, completed the strategic disposal of certain subsidiaries, renegotiated its debt structure including a senior finance facility, and secured shorter-term bank borrowing through a revolving credit facility.

Fair value

Financial assets at the balance sheet date comprise trade receivables, other receivables, and cash and cash equivalents. All financial assets are classified as financial assets at amortised cost.

All financial liabilities, which comprise trade and other payables, lease liabilities and borrowings, are classified as financial liabilities at amortised cost. The fair value of financial assets and liabilities is not materially different from the carrying amount.

27. COMMITMENTS AND CONTINGENCIES

The Group's future minimum sublease rental income expected to be received under non-cancellable operating leases is as follows:

	31 March 2025 £000s	30 December 2023 £000s
Sublease rental income		
Within one year	23	195
Between two and five years	–	294
After five years	–	224
Total sublease rental income	23	713

The Group has contracted to purchase items of property, plant and equipment that it has not received at the reporting date to the value of £1.5m (2023: £2.3m).

28. RELATED PARTY TRANSACTIONS

Ultimate parent entity

The Group is an associate of Exponent Private Equity LLP. During the period Exponent Private Equity LLP charged the Group fees of £49,863 (2023: £40,000) and expenses of £633 (2023: £1,812) of which £40,000 was outstanding at 31 March 2025 (2023: £40,000) and £9,863 was accrued (2023: £Nil). Additionally, Exponent Private Equity LLP invests in businesses that the Group trades with.

The Group has sold £2.1m (2023: £1.0m) (net of VAT) of goods and services to subsidiaries of Exponent Private Equity (Holdings) LLP and within trade and other receivables is owed £0.4m (2023: £0.2m) by these entities.

Key management personnel

Related party transactions with key management personnel are disclosed in note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. DIVIDENDS

During the period the following dividends were declared and paid:

	31 March 2025 £000s	30 December 2023 £000s
2022 Final dividend of 0.37p per ordinary share paid during the prior year	–	2,608
2023 Interim dividend of 0.18p per ordinary share paid during the prior year	–	1,269
2023 Final dividend of 0.38p per ordinary share paid during the current year	2,679	–
2024 Interim dividend of 0.19p per ordinary share paid during the current year	1,279	–
Total dividends paid during the year	3,958	3,877

30. NOTE SUPPORTING THE STATEMENT OF CASH FLOWS

	At 31 December 2023 £000s	Cash flows £000s	Other non- cash movements £000s	Business disposals £000s	Foreign exchange £000s	At 31 March 2025 £000s
Non-current borrowings, excluding hire purchase arrangements ¹	(69,085)	13,197	(640)	–	–	(56,528)
Hire purchase arrangements, including interest ²	(15,475)	9,286	(6,245)	–	–	(12,434)
Lease liabilities, including interest ³	(57,370)	24,806	(24,994)	3,074	87	(54,397)
Total financial liabilities	(141,930)	47,289	(31,879)	3,074	87	(123,359)
Cash and cash equivalents	31,931	(24,780)	–	20,321	(260)	27,212
Total	(109,999)	22,509	(31,879)	23,395	(173)	(96,147)
Accrued interest on borrowings	(716)	6,164	(5,946)	–	–	(498)
Debt issue costs ¹	(915)	(697)	640	–	–	(972)
Net debt⁴	(111,630)	27,976	(37,185)	23,395	(173)	(97,617)

	At 1 January 2023 £000s	Cash flows £000s	Other non- cash movements £000s	Foreign exchange £000s	At 30 December 2023 £000s
Non-current borrowings, excluding hire purchase arrangements ¹	(68,613)	35	(507)	–	(69,085)
Hire purchase arrangements, including interest ²	(15,146)	7,479	(7,808)	–	(15,475)
Lease liabilities, including interest ³	(56,292)	19,348	(20,472)	46	(57,370)
Total financial liabilities	(140,051)	26,862	(28,787)	46	(141,930)
Cash and cash equivalents	47,709	(15,689)	–	(89)	31,931
Total	(92,342)	11,173	(28,787)	(43)	(109,999)
Accrued interest on borrowings	(534)	5,096	(5,278)	–	(716)
Debt issue costs ¹	(1,387)	(35)	507	–	(915)
Net debt⁴	(94,263)	16,234	(33,558)	(43)	(111,630)

1 Non-current borrowings, excluding hire purchase arrangements, are stated net of debt issue costs.

2 Cash flows include interest payments of £1.1m (2023: £0.8m).

3 Cash flows include interest payments of £4.6m (2023: £3.6m).

4 Calculation of net debt includes accrued interest on borrowings and excludes deduction for debt issue costs.

31. ASSETS HELD FOR SALE

HSS Hire Ireland Limited

Subsequent to the current period, the Group entered into a Share Purchase Agreement ("SPA") with a third party to sell the entire 100% shareholding of the Group subsidiary HSS Hire Ireland Limited, a company incorporated in the Republic of Ireland. The agreement was signed on 1 April 2025 and completed at the end of May 2025.

During January 2025, being the point at which the disposal group for the assets and liabilities for HSS Hire Ireland Limited was classified as held for sale, depreciation on non-current assets ceased in accordance with IFRS 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31. ASSETS HELD FOR SALE CONTINUED

	15 March 2025		Total £000s
	Current £000s	Non-Current £000s	
Goodwill (note 14)	–	7,510	7,510
Intangible assets other than goodwill (note 14)	–	4	4
Property, plant and equipment (note 15)	–	10,649	10,649
Right of use assets (note 16)	–	3,074	3,074
Inventories	158	–	158
Trade and other receivables	7,936	–	7,936
Cash	3,298	–	3,298
Assets classified as held for sale	11,392	21,237	32,629
Trade and other payables	6,468	–	6,468
Provisions (note 22)	198	545	743
Lease liabilities (note 20)	973	2,066	3,039
Liabilities directly associated with assets held for sale	7,639	2,611	10,250

More information in respect of the discontinued operation associated with HSS Hire Ireland Limited can be found in note 32. Details of the post balance sheet events associated with this transaction can be found in note 34.

32. BUSINESS DISPOSAL

HSS Power

During the current period, on 7 March 2024, the Group announced the sale of ABird Limited, ABird Superior Limited and Apex Generators Limited (together the 'Power' companies) to CES Global. The sale was undertaken as part of a strategic decision to focus on the core business and growth of the ProService and THSC businesses. The consideration for the sale was entirely settled in cash.

As part of this transaction, HSS has entered into a commercial agreement with CES for the cross-hire of power generators and related services to ensure the broadest possible distribution of, and customer access to, both parties' existing fleets. The Board expects this commercial arrangement to ensure that even post-disposal, the sales in respect of the Power hire stock will continue through ProService under the new commercial agreement.

Shortly after the disposal, the Group utilised £12.5m of the proceeds to repay borrowings and further strengthen the Group's balance sheet position.

As discussed more fully in note 5, the results of the Power companies were previously reported within the Group's 'Operations – UK' reporting segment, with a significant element of revenues recorded through the ProService business.

HSS Hire Ireland Limited ('HIL')

Subsequent to the balance sheet date, on 1 April 2025, the Group announced the sale of HSS Hire Ireland Limited, the Group's operations in the Republic of Ireland to Chadwick's Holdings Limited, a subsidiary of Grafton plc. The sale was undertaken as part of a strategic decision to focus on the core business and growth of the ProService and THSC businesses. As the transaction was not complete at the balance sheet date, the Group has reclassified the assets and liabilities associated with HSS Hire Ireland Limited as held for sale. The transaction completed on 31 May 2025 and generated disposal proceeds of £24.3m. Shortly after the disposal, the Group utilised £17.6m of the proceeds to repay borrowings and further strengthen the Group's balance sheet position.

As discussed more fully in note 5, the results of HIL were presented as a separate operating segment, Operations – Ireland.

The Group have restated comparative figures for the income statement throughout the financial statements in accordance with IFRS 5. The table below shows the details results of discontinued operations:

	HSS Power £000s	HSS Hire Ireland Limited £000s	Total £000s
Discontinued operations – 15-month period ended 31 March 2025			
Revenue	4,052	34,325	38,377
Other operating income	–	(71)	(71)
Expenses other than finance costs, amortisation and depreciation	(3,402)	(27,162)	(30,564)
Depreciation	(847)	(3,928)	(4,775)
Amortisation	(18)	–	(18)
Operating (loss)/profit from discontinued operations	(215)	3,164	2,949
Net finance expenses	(119)	(320)	(439)
Taxation (charge)/credit	104	(698)	(594)
(Loss)/profit from trade within discontinued operations, net of tax	(230)	2,146	1,916
Loss on disposal of discontinued operations	(642)	–	(642)
(Loss)/profit from discontinued operations, net of tax	(872)	2,146	1,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

32. BUSINESS DISPOSAL CONTINUED

	HSS Power £000s	HSS Hire Ireland Limited £000s	Total £000s
Discontinued operations – Year ended 30 December 2023			
Revenue	9,409	27,342	36,751
Other operating income	37	(183)	(146)
Expenses other than finance costs, amortisation and depreciation	(4,228)	(21,787)	(26,015)
Depreciation	(4,846)	(3,067)	(7,913)
Amortisation	(125)	–	(125)
Operating (loss)/profit from discontinued operations	247	2,305	2,552
Net finance expenses	(273)	(224)	(497)
Taxation (charge)/credit	(212)	(544)	(756)
(Loss)/profit from discontinued operations, net of tax	(238)	1,537	1,299

	Period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Basic earnings/(loss) per share (p) from discontinued operations	0.18	0.18
Diluted earnings/(loss) per share (p) from discontinued operations	0.18	0.18
Weighted average number of shares (000s)	708,819	704,988
Weighted average number of diluted shares (000s)	726,597	728,238

The Group's cash flows from discontinued operations were as follows:

	Period ended 31 March 2025 £000s	Year ended 30 December 2023 £000s
Cash flows from operating activities	(2,755)	5,865
Cash flows from investing activities (including net cash flows on business divestiture)	20,129	141
Cash flows from financing activities	(2,801)	(2,936)
Total cash flows for the period from discontinued operations	14,573	3,070

Below is a detailed breakdown of the result on disposal:

	HSS Power £000s
Description of assets and liabilities	
Goodwill	6,053
Brand and customer lists	324
Property, plant and equipment	13,009
Right of use assets	2,920
Deferred tax assets	56
Inventories	908
Trade and other receivables	3,018
Cash	369
Trade and other payables	(2,148)
Provisions	(621)
Deferred tax liabilities	(108)
Lease liabilities	(3,074)
Net assets disposed of	20,706
Total consideration	20,690
Less: net assets disposed of	(20,706)
Loss on disposal before costs	(16)
Less: costs of disposal	(626)
Total loss on disposal	(642)
Cash consideration received	20,690
Cash disposed of	(369)
Net cash inflow on disposal of discontinued operations	20,321

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33. ALTERNATIVE PERFORMANCE MEASURES

Earnings before interest, tax, depreciation and amortisation (EBITDA) and Underlying EBITDA, earnings before interest, tax and amortisation (EBITA) and Underlying EBITA and Underlying profit before tax are alternative, non-IFRS and non-Generally Accepted Accounting Practice (GAAP) performance measures used by the Directors and management to assess the operating performance of the Group.

EBITDA is defined as operating profit before depreciation and amortisation. For this purpose depreciation includes: depreciation charge for the year on property, plant and equipment and on right of use assets; the net book value of hire stock losses and write-offs; the net book value of other fixed asset disposals less the proceeds on those disposals; impairments of tangible fixed assets; the net book value of right of use asset disposals, net of the associated lease liability disposed of; and the loss on disposal of subleases. Amortisation is calculated as the total of the amortisation charge for the year and the loss on disposal of intangible assets. Non-underlying items are added back to EBITDA to calculate Underlying EBITDA, along with any impairment losses on intangible assets.

EBITA is defined by the Group as operating profit before amortisation. Non-underlying items are added back to EBITA to calculate Underlying EBITA, as well as impairment losses on intangible assets.

Underlying profit before tax is defined by the Group as profit before tax, amortisation of customer relationships and brands-related intangibles as well as non-underlying items.

The Group discloses Underlying EBITDA, Underlying EBITA and Underlying profit before tax as supplemental non-IFRS financial performance measures because the Directors believe they are useful metrics by which to compare the performance of the business from period to period and such measures similar to Underlying EBITDA, Underlying EBITA and Underlying profit before tax are broadly used by analysts, rating agencies and investors in assessing the performance of the Group. Accordingly, the Directors believe that the presentation of Underlying EBITDA, Underlying EBITA and Underlying profit before tax provides useful information to users of the Financial Statements.

As these are non-IFRS measures, other entities may not calculate the measures in the same way and hence are not directly comparable.

Underlying EBITDA is calculated as follows:

	Year ended 31 March 2025 £000s Continuing	Year ended 31 March 2025 £000s Total	Year ended 30 December 2023 £000s Continuing	Year ended 30 December 2023 £000s Total
Operating profit	(117,751)	(114,802)	17,354	19,906
Add: Depreciation (note 9)	43,864	48,639	32,917	40,830
Add: Amortisation of intangible assets (note 9)	2,817	2,835	1,818	1,943
Add: Non-underlying items (note 7)	121,534	122,786	2,417	2,457
Underlying EBITDA	50,464	59,458	54,506	65,136

Underlying EBITA is calculated as follows:

	Year ended 31 March 2025 £000s Continuing	Year ended 31 March 2025 £000s Total	Year ended 30 December 2023 £000s Continuing	Year ended 30 December 2023 £000s Total
Operating profit	(117,751)	(114,802)	17,354	19,906
Add: Amortisation of intangible assets (note 9)	2,817	2,835	1,818	1,943
Add: Non-underlying items (note 7)	121,534	122,786	2,417	2,457
Underlying EBITA	6,600	10,819	21,589	24,306

Underlying profit before tax is calculated as follows:

	Year ended 31 March 2025 £000s Continuing	Year ended 31 March 2025 £000s Total	Year ended 30 December 2023 £000s Continuing	Year ended 30 December 2023 £000s Total
Profit before tax	(130,301)	(128,433)	6,925	8,980
Add: Amortisation of acquired intangibles (note 14)	–	18	–	125
Profit before tax and amortisation of acquired intangibles	(130,301)	(128,415)	6,925	9,105
Add: Non-underlying items (finance and non-finance) (note 7)	121,868	123,762	2,770	2,810
Underlying profit before tax	(8,433)	(4,653)	9,695	11,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

34. POST BALANCE SHEET EVENTS

Sale of HSS Hire Ireland Limited

Subsequent to the year end, on 1 April 2025, the Group entered into an agreement for the sale of HSS Hire Ireland Limited to a third party, Chadwick's Holdings Limited, a subsidiary of Grafton plc.

The business was sold for gross consideration of €28.0m, with customary working capital and debt adjustments resulting in cash consideration of €28.9m or £24.3m. Net assets disposed were £23.0m (including consolidation-related intangibles of £7.5m) for a gain before transaction costs of £1.3m. In connection with the sale of the businesses the Group has incurred transaction costs of c£1.0m.

The disposed entity was presented as a discontinued operation within these Financial Statements and contributed revenues of £34.3m and net profit of £2.1m to the Group in the current period (see note 32).

Subsequent to the sale, proceeds of £17.6m were used to make a partial repayment of the Group's senior loan facility, reducing the total liability from £57.5m at the year end to £39.9m.

Commercial agreement with Speedy Hire and disposal of THSC

Subsequent to the year end, in parallel with the release of these results, the Group announced that it has entered into a new five-year commercial supplier agreement (Commercial Agreement) with Speedy Hire (Speedy), with an option to extend for three years, resulting in Speedy Hire becoming the principal equipment supply partner to ProService replacing The Hire Service Company ("THSC").

In addition, Speedy will place a substantial portion of its third-party rehire, resale and training through ProService.

Additionally, the Group today announces the disposal of the entire issued share capital of HSS Service Group Limited, trading under the brand The Hire Service Company to a third party, a newly formed company indirectly owned by investment funds advised by Endless LLP.

The Commercial Agreement (and therefore indirectly the THSC Disposal) is conditional on the satisfaction of CMA conditions. In consideration, Speedy will pay the Group £35.0m as consideration for:

- Ordinary shares in the Group, comprising approximately 9.99% of the enlarged ordinary share capital of the Group.
- Certain fixed assets of THSC, including motor vehicles and hire equipment that will be on hire through the ProService platform at Completion.

In addition to the above,

- Speedy will assume certain lease liabilities of THSC in respect of properties, motor vehicles and hire equipment.
- A number of the employees of the Group are envisaged to transfer to Speedy under TUPE pursuant to the sale and purchase of assets.
- Speedy will procure certain training related assets and liabilities of HSS Training Limited.

The result of the Commercial Agreement for THSC is that it will no longer be the primary supplier for ProService, its largest customer, other than for certain hire equipment pursuant to a separate agreement, which will have a material impact on THSC's financial position.

The consideration receivable under the Commercial Agreement will be used to fund a seller contribution to THSC as it transitions to becoming an independent business under new ownership following completion, together with fees and other expenses related to these transactions.

To facilitate the Group's transition to a digital marketplace, it has entered into an agreement to dispose of THSC, for gross consideration of £1 and a contribution of approximately £26.0m to facilitate a viable separation. The £26.0m would be payable with an initial instalment of £16.0m and a deferred amount of £10.0m to be settled within twelve months.

The whole transaction is conditional on the UK Competition and Markets Authority (CMA) approval and would be expected to complete before the end of the calendar year.

Subject to completion of the transactions above the Group's lenders have agreed to a revised covenant package for the period to 30 September 2026 (being the date of expiry of the facility) in exchange for a commitment to commence refinancing measures no later the end of October 2025

The outcome of these commercial agreements could materially change the carrying values of certain assets and liabilities as compared to amounts reported as at the balance sheet date.

Drawdown of the Group's revolving credit facility

Subsequent to the year end, on 1 April 2025, the Group drew down £5.0m of the RCF, leaving additional facility of £15.0m available. The £5.0m was drawn to facilitate payments to exit trading locations and accelerate cost saving plans in association with the branch network restructure.

The amounts drawn by the Group are for a three-month term and attract interest on the same basis as the Group's senior facility, being SONIA plus margin (see note 21).

Issue of shares

After the period end, on 6 June 2025, the Group issued 3,404,025 shares in connection with the Group's share schemes. These shares were part of the FY22 RSA share scheme and were issued for nil consideration. The total increase in the Group's share capital was £34.0k.

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31 MARCH 2025

	Note	31 March 2025 £000s	30 December 2023 £000s
ASSETS			
Non-current assets			
Investments	3	119,224	285,385
Current assets			
Other receivables	4	857	963
Cash		6,307	9,878
Total current assets		7,164	10,841
Total assets		126,388	296,226
EQUITY			
Share capital	6	7,108	7,050
Share premium	6	45,552	45,552
Merger reserve		–	97,716
Retained earnings	7	73,322	145,761
Total equity		125,982	296,079
LIABILITIES			
Current and total liabilities	5	406	147
Total equity and liabilities		126,388	296,226

As permitted by Section 408(3) of the Companies Act 2006, the Company's Income Statement and Statement of Comprehensive Income and related notes have not been presented.

The Company made a post-tax loss of £166,764,000 (2023: profit of £656,000).

The notes on pages 128 to 129 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 October 2025 and were signed on its behalf by:

Richard Jones

Director

5 October 2025

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2025

	Share capital £000s	Share premium £000s	Merger reserve £000s	Retained earnings £000s	Total equity £000s
At 31 December 2022	7,050	45,552	97,716	148,389	298,707
Profit and total comprehensive income for the period	–	–	–	656	656
Transactions with owners recorded directly in equity:					
Dividends paid	–	–	–	(3,877)	(3,877)
Share-based payments	–	–	–	593	593
At 30 December 2023	7,050	45,552	97,716	145,761	296,079
Loss and total comprehensive loss for the period	–	–	(97,716)	(69,048)	(166,764)
Transactions with owners recorded directly in equity:					
Dividends paid	–	–	–	(3,958)	(3,958)
Issue of shares	58	–	–	(58)	–
Share-based payments	–	–	–	625	625
At 31 March 2025	7,108	45,552	–	73,322	125,982

In the current period, the Company recognised an impairment loss of £166.8m (2023: £Nil) in respect of its investments in subsidiaries as discussed in more detail in note 3.

The investments in question relate to the acquisition which gave rise to the merger reserve of £97.7m and as a result, the losses recognised in respect of the impairment have first been recognised against the merger reserve connected with the investments being impaired.

The balance of the impairment of £69.1m has been recognised in retained earnings along with the rest of the result for the period for a net impact on retained earnings of £69.0m.

The notes on pages 128 to 129 form part of these Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES

HSS Hire Group plc (the Company) is a company incorporated and domiciled in the United Kingdom. The Company's registered office is Building 2, Think Park, Mosley Road, Manchester, M17 1FQ.

a) Reporting entity

HSS Hire Group plc Limited was incorporated on 7 January 2015 as a private company limited by shares in the United Kingdom and re-registered as a public limited company on 19 January 2015. The Company listed its shares on the London Stock Exchange on 9 February 2015. On 14 January 2021, HSS moved its share trading from the Main Market on the London Stock Exchange to AIM.

The Company's principal activity is to act as the ultimate holding company for a group of companies whose principal activities are the supply and hire of equipment and associated services.

b) Statement of compliance

The Company Financial Statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements (FRS 100), Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

Disclosure exemptions adopted

In preparing these Financial Statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these Financial Statements do not include:

- certain comparative information as otherwise required by UK endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; or
- disclosure of related party transactions with other wholly owned members of the HSS Hire Group plc group of companies.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Group's Consolidated Financial Statements. These Financial Statements do not include certain disclosures in respect of:

- share-based payments;
- financial instruments (other than certain disclosures required as a result of recording financial Instruments at fair value); or
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value).

The Company has changed its financial year end from 28 December to 31 March. This change was made to accommodate group restructuring activities

The Directors have taken advantage of the option within Section 390 of the Companies Act 2006 to prepare their Financial Statements up to a date seven days either side of the Company's accounting reference date of 31 March, and these accounts therefore cover the 65-week period from 31 December 2023 to 31 March 2025 (2023: 52-week period from 1 January 2023 to 30 December 2023).

The Company complies with the accounting policies defined in notes 1 to 4 to the Consolidated Financial Statements on pages 87 to 97 except as noted below.

c) Merger reserve

The merger reserve is the amount arising on the difference between the nominal value of the shares issued on acquisition of the subsidiary companies and the Company value of the interest in subsidiaries. The merger reserve arises where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, and therefore the Company adopts merger relief under the Companies Act 2006.

d) Investments

Investments in subsidiaries that arose from a reorganisation of the Group structure that satisfies the criteria set out in IAS 27 Separate Financial Statements have been measured as the carrying amount of its share of the equity items shown in the separate Financial Statements of the original parent at the date of reorganisation. Subsequent additions are included in the statement of financial position at cost. Impairments are recognised if events or changes in circumstances indicate that the carrying value may not be recoverable.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Recoverability of investments and intercompany receivables

Judgements are required in assessing the recoverability and timing of investments and intercompany receivables and determining whether impairments of those investments and receivables are required.

In the current period, an impairment of £166.8m was identified in respect of the Company's investment in subsidiaries. The Company uses the same impairment review processes and estimates as the Group for Investments, accordingly, note 14 to the Consolidated Financial Statements contains disclosures in respect of the impairment process and sensitivities.

Judgements are based on historical performance as well as forecasts. The Company monitors the recoverability of such investments and receivables and recognises impairments for amounts that may not be recoverable. Further details of the net carrying value of investments and intercompany receivables are given in notes 3 and 4 respectively.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

3. INVESTMENTS

	£000s
At 31 December 2023	285,385
Additions	625
Impairment charge	(166,786)
At 31 March 2025	119,224

Additions comprise equity-settled share-based payment awards offered to employees in subsidiary companies of £0.6m (2023: £0.6m).

The impairment charge of £166.8m has arisen as part of the Group's annual impairment review of goodwill, intangible assets and investments. The details of the testing procedures used to identify the recoverable amounts of investments are included in note 14 to the Consolidated Financial Statements.

The cause of the impairment is primarily the downwards revision of the forecasts for the Group, most significantly the HSS Operations – UK CGU, which represents the THSC business and whose Goodwill was impaired by £64.3m and other assets impaired for a total of £49.2m in the Consolidated Financial Statements. Disclosures regarding the sensitivity of the forecasts to changes in their inputs are included in Note 14 to the Consolidated Financial Statements.

At 31 March 2025 the Company's subsidiaries, including those held indirectly through direct subsidiaries, are:

Company	Holding	Country of Incorporation	Principal activity	Ordinary shares held
Hampshire Topco Limited	Direct	United Kingdom	Intermediate holding company	100%
Hero Acquisitions Limited	Indirect	United Kingdom	Intermediate holding company	100%
HSS Hire Service Finance Limited	Indirect	United Kingdom	Intermediate holding company	100%
HSS Hire Service Group Limited	Indirect	United Kingdom	Hire and equipment services	100%
HSS Training Limited	Indirect	United Kingdom	Training services	100%
1st Collection Services Limited	Indirect	United Kingdom	Dormant	100%
HSS Hire Limited	Indirect	United Kingdom	Dormant	100%
HSS ProService Marketplace Limited	Indirect	United Kingdom	Dormant	100%
HSS ProService Limited	Indirect	United Kingdom	Hire and equipment services	100%
HSS Hire Ireland Limited	Indirect	Republic of Ireland	Hire and equipment services	100%

The registered office of the subsidiaries listed above is Building 2, Think Park, Mosley Road, Manchester, M17 1FQ, except for the following:

HSS Hire Ireland Limited, DAC Beachcroft, Three Haddington Buildings, Percy Place, Dublin 4, DO4 T253, Ireland.

On 7 March 2024, Abird Limited, Abird Superior Limited and Apex Generators Limited were sold to a third party, CES Global.

4. OTHER RECEIVABLES

	31 March 2025 £000s	30 December 2023 £000s
Current		
Amounts due from Group undertakings	797	937
Prepayments	60	26
	857	963

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

5. OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2025 £000s	30 December 2023 £000s
Current		
Amounts due to Group undertakings	353	–
Accruals	51	129
Other creditors	2	18
	406	147

6. SHARE CAPITAL

The details of the Company's share capital are set out in note 24 to the Consolidated Financial Statements.

7. PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The auditor's remuneration for audit and other services is disclosed in note 9 to the Consolidated Financial Statements.

8. RELATED PARTY TRANSACTIONS

The Company's related party transactions are set out in note 28 to the Consolidated Financial Statements.

9. FINANCIAL INSTRUMENTS

Details of the Group's financial instruments policies are set out in note 26 to the Consolidated Financial Statements.

10. EMPLOYEE AND DIRECTOR COSTS

The Directors are the only employees of the Company. Their costs are borne by a subsidiary company, HSS Hire Service Group Limited. Details of the Directors' remuneration are set out in note 11 to the Consolidated Financial Statements.

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at 11.00 am on 25 September 2025 at Hilton Garden Inn, Hatton Cross, TW6 2SQ. Details of the resolutions proposed and being voted on are provided in the Notice of AGM provided to shareholders and available for download at the Group website, hsshiregroup.com. Shareholders are invited to attend in person. Should matters change updates will be provided via the 'News and Resources' section at hsshiregroup.com.

SHARE FRAUD AND BOILER ROOM SCAMS

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. Share scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares.

These operations are commonly known as 'boiler room fraud'. The 'brokers' (callers) can be very persistent and extremely persuasive. They often have websites to support their activities, their advice and the companies they purport to represent. It is not just novice investors who have been duped in this way; many of the victims have been successfully investing for several years.

Shareholders are cautioned to be very wary of any unsolicited advice, offers to buy shares at a discount, sell your shares at a premium or offers of free company reports.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Record the name of the person and organisation contacting you.
- Check the Financial Conduct Authority (FCA) Register at www.fca.org.uk/register to ensure they are properly authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the Register or you are told they are out of date.
- If you receive telephone calls, emails, letters purporting to be from HSS Hire Group plc or from companies endorsed by HSS Hire Group plc and you are unsure if they are legitimate, please contact our shareholder helpline for clarification (0371 384 2030 or +44 (0)121 415 7047 (overseas)).
- If the caller persists, hang up.

Please note that should you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

If you are approached about a share scam you should tell the FCA using the online share fraud reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm where you can find out about the latest investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040 or online at: www.actionfraud.police.uk

Further information on this or similar activity can be found at www.cityoflondon.police.uk/citypolice within the Fraud section.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements concerning the Group's business, financial condition, results of operations and certain aspects of the Group's plans, objectives, assumptions, projections, expectations or beliefs with respect to these items. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'will', 'should', 'expects', 'believes', 'intends', 'plans', 'potential', 'targets', 'goal' or 'estimates'.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual financial condition, performance and results to differ materially from the plans, goals, objectives and expectations set out in the forward-looking statements included in this document. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

By their nature, forward-looking statements relate to events and depend on circumstances that will occur in the future and are inherently unpredictable. Such forward-looking statements should, therefore, be considered in light of various important factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, among other things: changes in the economies and markets within which the Group operates; changes in the regulatory regime within which the Group operates; changes in interest and, to a lesser extent, exchange rates; the impact of competitor pricing behaviour; the occurrence of major operational problems; the loss of major customers; contingent liabilities; and the impact of legal or other proceedings against, or which otherwise affect, the Group.

No assurance can be given that the forward-looking statements in this document will be realised; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Subject to compliance with applicable law and regulation, the Company does not intend to update the forward-looking statements in this document to reflect events or circumstances after the date of this document and does not undertake any obligation to do so.

FINANCIAL CALENDAR

Annual General Meeting

25 September 2025

COMPANY INFORMATION

Registered Office:

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Email: investors@hss.com

Website: hsshiregroup.com

Registered number: England and Wales, No. 9378067

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Daniel Joll

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Luminous are certified in using Carbon Balanced paper for the HSS Hire Group plc Annual Report and Financial Statements 2025. This project has balanced through World Land Trust the equivalent of 124kg of carbon dioxide. This support will enable World Land Trust to protect 24m2 of critically threatened tropical forest.

www.luminous.co.uk

DEFINITIONS AND GLOSSARY

The following is a list of commonly used terms in the industry or the Annual Report and Accounts.

'ABird'	ABird Superior Limited and its wholly owned subsidiary, ABird Limited
'Act'	the Companies Act 2006, as amended
'Underlying EBITA'	EBITA adjusted to add back non-underlying items
'Underlying EBITDA'	EBITDA adjusted to add back non-underlying items
'Underlying EPS'	EPS adjusted to exclude exceptional items and amortisation and after charging the prevailing rate of corporation tax
'Apex'	Apex Generators Limited
'B2B'	business-to-business
'Colleague'	Directors and employees of HSS
'Company'	HSS Hire Group plc
'1.5°C Commitment'	to keep global warming to no more than 1.5°C. As called for in the Paris Agreement, emissions need to be reduced by 45% by 2030 and reach net zero by 2050
'Core', 'Core Hire' or 'Core Hire Rental Revenue'	revenue associated only with the rental of owned assets in the THSC business.
'CSOP'	Company Share Option Plan
'Customer Distribution Centres' or 'CDCs'	locations across the UK from which we deliver items of our core hire equipment direct to customer sites, manage the collection of equipment from customer sites at the end of the hire period and undertake testing and repair of larger non-specialist equipment
'EBITA'	earnings before interest, tax and amortisation
'EBITDA'	earnings before interest, tax, depreciation and amortisation
'EcoVadis'	globally recognised assessment platform, rating businesses' sustainability based on four categories: environmental impact, labour, & human rights standards, ethics, & procurement practices
'EMT'	Executive Management Team
'EU'	European Union
'Exponent'	the investment funds managed by Exponent Private Equity LLP or, when otherwise indicated or where the context otherwise requires, Exponent Private Equity LLP in its own right
'Exponent Shareholders'	Exponent Private Equity Partners GP II LP, Exponent Havana Co-Investment Partners GP Limited and Exponent Private Equity Founder Partner GP II Limited

'Group'	together, HSS Hire Group plc and its direct and indirect subsidiaries
'HIL'	HSS Hire Ireland Limited
'Hire stock'	assets held by the Group for the purposes of hiring to customers, being those assets included within the category 'Materials & equipment held for hire' within the Group's property, plant and equipment and right of use assets
'HSS'	the group of companies within the HSS Hire Group
'HSS Hire Group plc'	HSS Hire Group plc (company number 9378067) whose registered office is at Building 2, Think Park, Mosley Road, Manchester, M17 1FQ
'IFRS'	International Financial Reporting Standards, as adopted by the United Kingdom
'initial public offering' or 'IPO'	the initial public offering and admission of the ordinary share capital of HSS Hire Group plc to the premium listing segment of the Official List of the UK Listing Authority and to trading on London Stock Exchange's Main Market for listed securities under the ticker 'HSS' on 9 February 2015
'Ireland'	the Republic of Ireland
'LTIP'	long-term incentive plan. A reward system designed to reward colleagues' long-term performance either by the grant of awards which are subject to defined performance conditions, which include Underlying EPS and ROCE, or by the grant of restricted stock
'Last twelve months' or 'LTM'	a measure that reflects performance assuming that the period of measurement is from the Group's new financial period, from 1 April to 31 March
'National Distribution and Engineering Centre' or 'NDEC'	operation opened in Cowley, Oxfordshire in March 2016 to centralise and industrialise the testing, maintenance and repair of our fast-moving core hire fleet upon return from customer use. Activity terminated in April 2018 with the move back to branch-led processes
'Net debt'	the total indebtedness of the Group including senior finance facility, revolving credit facility, lease liabilities, hire purchase arrangements, drawings on the revolving credit facility, any accrued interest on these items and any overdraft net of any cash in the Group

DEFINITIONS AND GLOSSARY CONTINUED

'Net Zero'	means to be GHG carbon neutral in absolute terms with no large scale offsetting by 2040. This is approved in line with the SBTi 1.5°C pathway since May 2023
'Near term'	companies must set near-term science-based targets to roughly halve emission before 2030. This is the most effective, scientifically-sound way of limiting global temperature rise to 1.5°C
'Official List'	the Official List of the FCA
'Power' or the 'Power businesses'	Collectively the companies ABird Limited, Apex Generators Limited and ABird Superior Limited
'QCA'	Quoted Companies Alliance
'Restricted stock'	conditional awards of shares under the LTIP which vest subject to continued employment and the Remuneration Committee's assessment of overall business performance over the vesting period
'Revolving credit facility' or 'RCF'	revolving credit facility made available pursuant to the Revolving Credit Facility Agreement (£25.0m) dated 9 November 2021 which expires in 2025
'RIDDOR(s)'	the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. Within our KPIs we report our RIDDOR rate, which is calculated as: the number of RIDDOR incidents x 100,000, divided by the number of hours worked
'SBTi'	Science Based Targets initiative (SBTi) is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis
'SDG'	UN Sustainable Development Goals, 17 goals in total. A universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity
'Sustainable Advantage'	an independent specialist ESG, energy and waste consultancy, supporting our disclosures across multiple ESG reporting frameworks
'TUPE'	Transfer of undertakings (protection of employment)
'UK'	the United Kingdom of Great Britain and Northern Ireland

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