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This document does not constitute, and will not constitute, or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, New Shares to any Shareholder with a registered address in, or who is resident of, the United States. If you are in the United States, you may not purchase or subscribe for New Shares offered hereby. Any person in the United States who obtains a copy of this document is required to disregard this document. The application forms have not been, and will not be, sent to any Shareholder with a registered address in or that is located in the United States.

The distribution of this document or the application form and the transfer of New Shares into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document, the enclosures and any other such documents should not be distributed, forwarded to or transmitted in, and the application form, the New Shares may not be transferred or sold to, or renounced or delivered in or into the United States, Canada or Japan or any other jurisdictions where the extension and availability of the Capital Raise would breach any applicable law. No offer of New Shares is being made by virtue of this document of the application form into the United States, Australia, Canada and Japan or any other jurisdictions where the extensions and availability of the Capital Raise would breach and applicable law.

This electronic transmission and the attached document and the Capital Raise when made are only addressed to and directed at persons in member states of the European Economic Area, other than the United Kingdom, who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) (*Qualified Investors*). This electronic transmission and the attached document must not be acted on or relied on in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only, in any member state of the European Economic Area other than the United Kingdom, to Qualified Investors, and will be engaged in only with such persons.

**The making or acceptance of the proposed offer of New Shares to persons who have registered addresses outside the United Kingdom, or who are resident in, or citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Capital Raise.**

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the UK wishing to take up rights under or otherwise participate in the Capital Raise to satisfy himself, herself or itself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories.

**Confirmation of Your Representation:** This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented, warranted and undertaken to the Company and Numis Securities Limited (the *Sponsor*) that (i) you are acquiring such securities in “offshore transactions”, in accordance with Rule 904 of Regulation S under the Securities Act; (ii) if you are in the United Kingdom, you are a relevant person and/or a relevant person who is acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the EEA other than the United Kingdom; (iii) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors to the extent you are acting on behalf of persons or entities in the EEA other than the United Kingdom; (iv) you are an institutional investor that is eligible to receive this document and amendments or supplements and you consent to delivery by electronic transmission and (v) you are not located in the United States, Australia, Canada or Japan.

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Neither the Sponsor, nor any of its affiliates, directors, officers, or agents accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, the Capital Raise or the New Shares. Apart from

the responsibilities and liabilities, if any, which may be imposed on the Sponsor by the Financial Services and Markets Act 2000 (as amended) or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, the Sponsor accepts no responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the accuracy, completeness or verification of the contents of the attached document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Capital Raise or the New Shares and nothing in the attached document will be relied upon as a promise or representation in this respect, whether as to the past or future. The Sponsor accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the attached document or any such statement.

The Sponsor, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the Capital Raise and will not regard any other person (whether or not a recipient of this document) as a client in relation the Capital Raise and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Capital Raise or any transaction or arrangement referred to in this document.

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (as amended) (FSMA) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

This document comprises (i) a circular prepared in accordance with the Listing Rules of the Financial Conduct Authority (*FCA*) made under section 73A of the FSMA and (ii) a prospectus relating to HSS Hire Group plc prepared in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA. This document has been approved by the FCA (as competent authority under Regulation (EU) 2017/1129) in accordance with section 85 of the FSMA. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the Shares. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This document does not constitute an admission document drawn up in accordance with the AIM Rules.

This document has been filed with the FCA in accordance with the Prospectus Regulation Rules and will be made available to the public in accordance with Prospectus Regulation Rule 3.2 by the same being made available, free of charge, at [www.hsshiregroup.com](http://www.hsshiregroup.com).

If you sell or have sold or have otherwise transferred all of your Existing Shares (other than ex-entitlement) held in certificated form before 8.00 a.m. (London time) on 17 November 2020 (the *Ex-Entitlement Date*) please send this document, together with any Application Form, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the Australia, Canada, Japan and United States (the *Excluded Territories*). If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-entitlement) held in certificated form before the Ex-Entitlement Date, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Company and the directors of the Company (the *Directors*), whose names and principal functions appear on page 33 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

**The distribution of this document and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document and any accompanying documents should not be distributed, forwarded to or transmitted in or into the United States, any of the other Excluded Territories or any other jurisdictions where the extension and availability of the Capital Raise would breach any applicable law.**



## **HSS HIRE GROUP PLC**

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 9378067)*

### **Proposed Placing and Open Offer of up to 354,598,212 New Shares and**

**Firm Placing of 185,619,010 New Shares**

**at 10 pence per New Share**

**Notice of General Meeting**

**Delisting and AIM Admission**

*Sponsor*

Numis

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A Notice of General Meeting of the Company, to be held at 11:00 a.m. on 4 December 2020 at Hilton Garden Inn, Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ, is set out at the end of this document. Due to the circumstances surrounding the COVID-19 pandemic, the Board is assuming that it will not be possible for Shareholders to attend the General Meeting in person, and so it is necessary to make some adjustments to how the General Meeting would have otherwise been conducted. Shareholders will be able to listen to the business of the meeting via a telephone dial-in when answers to questions received in advance will also be provided by the Chairman. Further detail on the process for how shareholders can dial-in to the General Meeting and cast their votes and ask questions in advance of the General Meeting is included in the Notice of General Meeting.

If you hold your Shares directly you are asked to submit your proxy electronically by accessing the Registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk). To be valid, the electronic submission must be registered by not later than 11.00 a.m. on 2 December 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). To vote online you will need to use your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. Full details of the procedure are given on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk).

Instead of voting online, you may request a hard copy form of proxy directly from the Registrar, EQ, by calling 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). If you request a hard copy form of proxy, you must complete and return it in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar,

EQ, by not later than 11.00 a.m. on 2 December 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting at the end of this document, as soon as possible and in any event no later than 11.00 a.m. on 2 December 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

**The Board is keen to ensure that Shareholders are able to exercise their right to vote and, accordingly, strongly recommends that Shareholders vote by way of proxy. As no persons other than those required to form a legal quorum will be permitted entry to the General Meeting, the Board strongly encourages Shareholders to appoint the Chairman of the meeting, rather than any other person, as their proxy to exercise their right to vote at the General Meeting in accordance with their instructions.**

**For the avoidance of doubt, it will not be possible to vote in person at the General Meeting.**

The Existing Shares are listed on the premium listing segment of the Official List and traded on the main market for listed securities of London Stock Exchange plc (the *London Stock Exchange*). Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission of the New Shares will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. on 8 December 2020.

Subject to the passing of the Resolution 9 at the General Meeting, it is proposed that the listing of the Company's Shares on the Official List and from trading on the London Stock Exchange's main market for listed securities be cancelled (the *Delisting*) and an application will also be made for the Shares (including both the Existing Shares and the New Shares) to be admitted to trading on AIM. It is expected that admission of the Shares will become effective and that dealings of the Shares will commence on AIM at 8.00 a.m. on 14 January 2021 (*AIM Admission*) and would occur simultaneously with the Delisting becoming effective.

**Your attention is drawn to the letter of recommendation from the Chairman which is set out in Part I – Letter from the Chairman of HSS Hire Group plc. Your attention is also drawn to the section headed "Risk Factors" at the beginning of this document which sets out certain risks and other factors that should be considered by Shareholders when deciding what action to take in relation to the Resolutions, and whether or not to subscribe for New Shares. Notwithstanding this, you should read the entire document and any documents incorporated by reference.**

Numis Securities Limited (*Numis* or the **Sponsor**) is authorised and regulated in the United Kingdom by the FCA. The Sponsor is acting exclusively for the Company and is acting for no one else in connection with the Capital Raise and will not regard any other person as a client in relation to the Capital Raise and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in connection with the Capital Raise or any other matter, transaction or arrangement referred to in this document.

The Sponsor and its affiliates, acting as investors for their own account, may, in accordance with applicable legal and regulatory provisions, and subject to the Sponsor and Placing Agreement, engage in transactions in relation to the New Shares or related instruments for its own account in connection with the Capital Raise or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed, acquired or placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Sponsor and any of their affiliates acting as investors for their own account. Except as required by applicable law or regulation, the Sponsor does not propose to make any public disclosure in relation to such transactions. In addition, the Sponsor may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Sponsor and its affiliates may from time to time acquire, hold or dispose of New Shares.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither the Sponsor, nor any of its affiliates, directors, officers, employees or advisers, accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Shares, the Capital Raise or

Admission. The Sponsor and its affiliates, directors, officers, employees and advisers accordingly disclaim to the fullest extent permitted by law any and all liability whatsoever, whether arising in tort, contract or otherwise, which they might otherwise have in respect of this document or any such statement.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial or tax adviser in connection with the purchase of the New Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Proposals described herein, including the merits and risks involved.

Recipients of this document also acknowledge that: (i) they have not relied on the Sponsor or any person affiliated with the Sponsor in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Sponsor.

The latest time and date for acceptance and payment in full for the New Shares under the Open Offer is 11.00 a.m. on 3 December 2020. The procedures for acceptance and payment are set out in Part III – Terms and Conditions of the Placing and Open Offer and, where relevant, in the Application Form. Qualifying Non-CREST Shareholders will be sent an Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements and Excess Open Offer Entitlements, which is expected to be enabled for settlement on 8 December 2020.

Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Shares prior to the date on which the Shares were marked ‘ex’ the entitlement by the London Stock Exchange. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy *bona fide* market claims. Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

#### **Notice to Overseas Shareholders**

This document does not constitute an offer of New Shares to any person with a registered address, or who is located, in the United States or the other Excluded Territories or in any other jurisdiction in which such an offer or solicitation is unlawful. The New Shares and the Application Form have not been and will not be registered or qualified for distribution to the public under the relevant laws of any state, province or territory of the United States or any other Excluded Territory and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States or any other Excluded Territory or in any other jurisdictions where the extension and availability of the Capital Raise would breach any applicable law, except pursuant to an applicable exemption.

The New Shares, Open Offer Entitlements and Excess Open Offer Entitlements have not been and will not be registered under the Securities Act, or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States. There will be no public offer of the New Shares, Open Offer Entitlements or Excess Open Offer Entitlements in the United States.

**The New Shares, Open Offer Entitlements and Excess Open Offer Entitlements have not been approved or disapproved by the United States Securities and Exchange Commission, any state’s securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares, Open Offer Entitlements and Excess Open Offer Entitlements or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.**

The New Shares, Open Offer Entitlements and Excess Open Offer Entitlements have not been and will not be registered or qualified for distribution to the public under the securities laws of any Excluded Territory and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within any Excluded Territory or in any other jurisdiction where the extension and availability of the Capital Raise would breach any applicable law, except pursuant to an applicable exemption from, and in compliance

with, any applicable securities laws. There will be no public offer in any of the Excluded Territories or in any other jurisdiction where the extension and availability of the Capital Raise would breach any applicable law.

#### **Notice to prospective investors in Jersey**

Pursuant to Article 8(2) of the Control of Borrowing (Jersey) Order 1948, as amended, provided that the number of persons in Jersey to whom any offer for subscription, sale or exchange of securities contained in this document is communicated does not exceed 50, no Jersey regulatory consent is required in connection with such an offer and accordingly, the Jersey Financial Services Commission has not reviewed this document and therefore it takes no responsibility for the financial soundness of the Company or any correctness of any statement made, or opinions expressed herein.

#### **Notice to prospective investors in Guernsey**

The Capital Raise is not an offer to the public, and is available, and is and may be made, in or within the Bailiwick of Guernsey, and this document is being provided in or from the Bailiwick of Guernsey only:

- (a) by persons licensed to do so by the Guernsey Financial Services Commission (the *GFSC*) under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the *POI Law*);
- (b) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who (i) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the GFSC, afford adequate protection to investors and (ii) meet the criteria specified in section 29(1)(cc) of the POI Law;
- (c) by reverse solicitation; or
- (d) as otherwise permitted by the GFSC.

This document is not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs and must be not relied upon by any person unless made or received in accordance with such paragraphs.

#### **Notice to prospective investors in the Isle of Man**

The Capital Raise is available, and is any may be made, in or from within the Isle of Man and this document is being provided in or from within the Isle of Man only:

- (a) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (b) to persons: (i) licensed under the Isle of Man Financial Services Act 2008; (ii) falling within exclusion 2(r) of the Isle of Man Regulated Activities Order 2011 (as amended); or (iii) whose ordinary business activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of their business.

The Capital Raise and this document are not available in or from within the Isle of Man other than in accordance with paragraphs (a) and (b) above, and accordingly, neither may be relied upon by any person unless made or received in accordance with such paragraphs.

#### **Notice to all investors**

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Shares is prohibited. By accepting delivery of this document, each offeree of the New Shares agrees to the foregoing.

The distribution of this document, the Application Form and/or the transfer of the New Shares, Open Offer Entitlements or Excess Open Offer Entitlements into jurisdictions other than the United Kingdom may be restricted by law. This document does not constitute an offer of Open Offer Entitlements, Excess Open Offer Entitlements or New Shares in any jurisdiction in which such offer or solicitation is unlawful. Persons into whose possession these documents come should inform themselves about and observe any such restrictions.

Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed, forwarded to or transmitted in or into the United States, any other Excluded Territory or in any other jurisdictions where the extension and availability of the Capital Raise would breach any applicable law. The New Shares, Open Offer Entitlements, Excess Open Offer Entitlements and Application Form are not transferable, except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer. No action has been taken by the Company or the Sponsor that would permit an offer of the New Shares or possession or distribution of this document or any other offering or publicity material or the Application Form in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Sponsor. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

Unless explicitly incorporated by reference herein, the contents of the websites of the Group do not form part of this document. Capitalised terms have the meanings ascribed to them, and certain technical terms are explained, in Part XII – Definitions and Glossary.

## **WHERE TO FIND HELP**

Part II – Some Questions and Answers about the Placing and Open Offer and Firm Placing of this document answers some of the questions most often asked by shareholders about open offers and firm placings. If you have further questions, please call EQ on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons EQ is only able to provide information contained in this document and information relating to the Company’s register of members and is unable to give advice on the merits of the Proposals.

This document is dated 16 November 2020.



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## SUMMARY

### A. INTRODUCTION AND WARNINGS

#### A.1.1 *Name and international securities identifier number (ISIN) of the securities*

Ordinary shares: ISIN code GB00BVFD4645

Open Offer Entitlements: ISIN code GB00BMCKBJ73

Excess Open Offer Entitlements: ISIN code GB00BMCKBK88

#### A.1.2 *Identity and contact details of the issuer, including its Legal Entity Identifier*

The Company's legal name is HSS Hire Group plc (the *Company*). The commercial name is "HSS Hire". The Company's registered address is Oakland House, 76 Talbot Road, Manchester M16 0PQ and its telephone number is 0161 749 4090. The Company's Legal Entity Identifier is 2138004DGL1J6VQO6S92.

#### A.1.3 *Identity and contact details of the competent authority approving the prospectus*

This document has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN, and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129.

#### A.1.4 *Date of approval of the prospectus*

This document was approved on 16 November 2020.

#### A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to this document. Any decision to invest in the Shares should be based on a consideration of this document as a whole by the investor. Any investor could lose all or part of their invested capital and, where any investor's liability is not limited to the amount of the investment, it could lose more than the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the Shares.

### B. KEY INFORMATION ON THE ISSUER

#### B.1 *Who is the issuer of the securities?*

##### B.1.1 *Domicile, legal form, jurisdiction of incorporation, country of operation and Legal Entity Identifier*

The Company was incorporated on 7 January 2015 as a private company limited by shares in the United Kingdom. It was re-registered as a public limited company on 19 January 2015 under the Companies Act 2006 and is registered in England and Wales with registered number 9378067. Its Legal Entity Identifier is 2138004DGL1J6VQO6S92.

##### B.1.2 *Principal activities*

The Group is a leading provider of tool and equipment hire and related services in the United Kingdom and Ireland with a key focus on delivering safety, value, availability and support to its customers. The business model is built on customers' requirements to outsource the provision and management of tools and equipment, allowing them to focus on their core activities. HSS Hire operates across the entirety of the approximately £4 billion equipment rental market (according to internal Company estimates) serving customers in the 'Build', 'Maintain' and 'Operate' sectors across commercial, industrial, infrastructure and residential end markets. Equipment is provided to customers using a mix of owned equipment and re-hired equipment allowing the Group to prioritise its investment in areas providing the highest returns whilst still offering customers a one-stop-shop. The Group's two operating segments are Rental and Services.

### B.1.3 Major shareholders

Insofar as is known to the Company, the name of each person who, directly or indirectly, has an interest in 3.0% or more of the Company's issued share capital, and the amount of such person's interest, as at 13 November 2020 (being the latest practicable date prior to the publication of this document) are as follows:

Name	Shares	
	No.	%
Exponent <sup>(1)</sup> .....	85,681,708	50.34%
Toscafund <sup>(2)</sup> .....	45,812,070	26.92%
Aberdeen Standard Investments .....	13,958,980	8.20%

Notes:

- (1) Comprises shareholdings held by Exponent Private Equity Partners GP II, LP (UK) and Exponent Havana Co-Investment GP Limited Partners (UK).
- (2) Comprises shareholdings held by the Tosca Mid-Cap fund, the Tosca Opportunity fund and the Micro-Cap Units fund.

The proportionate interests of the Shareholders in the Company following the Capital Raise will be dependent on the proportion of Open Offer Entitlements which the Shareholders collectively take up, and whether HPS exercises its rights to subscribe for New Shares under the HPS Warrants. Therefore, insofar as is known to the Company, immediately following the Capital Raise, the interests of those persons with an interest in 3.0% or more of the Company's issued share capital, including as a percentage of the Enlarged Share Capital will be as follows:

Name	Shares			
	Based on Maximum Participation Assumptions		Based on Minimum Participation Assumptions	
	No.	%	No.	%
Exponent <sup>(1)(4)</sup> .....	235,681,708	31.96	235,681,708	38.76
Toscafund <sup>(2)</sup> .....	181,018,725	24.55	181,018,725	29.77
Ravenscroft <sup>(3)(4)</sup> .....	151,990,000	20.61	151,990,000	24.99
Aberdeen Standard Investments ...	43,040,188	5.84	13,958,980	2.30
HPS .....	27,010,861	3.66	—	0.00

Notes:

- (1) Comprises shareholdings held by Exponent Private Equity Partners GP II, LP (UK) and Exponent Havana Co-Investment GP Limited Partners (UK).
- (2) Comprises shareholdings held by the Tosca Mid-Cap fund, the Tosca Opportunity fund and the Micro-Cap Units fund.
- (3) Ravenscroft 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.
- (4) Ravensworth will have the right to direct Exponent to exercise the voting rights attaching to such number of shares held by Exponent as would be required to increase the number of shares that Ravensworth is able to vote to 25.1% of the Enlarged Share Capital.

### B.1.4 Key officers

Steve Ashmore is the Chief Executive Officer of the Company, Paul Qusted is the Chief Financial Officer of the Company and Tom Shorten is the Chief Commercial Officer of the Company.

### B.1.5 Identity of the statutory auditors

BDO LLP, with its address at 55 Baker St, London W1U 7EU, is the statutory auditor to the Company.

## B.2 What is the key financial information regarding the issuer?

The tables below set out the Group's summary financial information for the periods indicated.

The financial information set forth below is extracted or derived from, and should be read in conjunction with, the consolidated financial statements of the Company as of and for the 26 weeks ended 27 June 2020 (*H120*) and 52 weeks ended 28 December 2019 (*FY19*).

The following financial information is extracted from the Group's condensed consolidated income statement.

	52 weeks ended 28 December 2019	26 weeks ended 27 June 2020 <sup>(1)</sup>
	(£'000)	
<b>Revenue</b> .....	<b>328,005</b>	<b>125,817</b>
Cost of sales .....	(149,706)	(63,616)
<b>Gross profit</b> .....	<b>178,299</b>	<b>62,201</b>
Distribution costs .....	(33,190)	(13,544)
Administrative expenses .....	(128,830)	(56,465)
Other operating income .....	542	7,068
<b>Adjusted EBITDA</b> .....	<b>63,929</b>	<b>28,710</b>
Less: Depreciation .....	(37,396)	(27,632)
Less: Exceptional items (non-finance) .....	(4,094)	802
Less: Amortisation .....	(5,618)	(2,620)
<b>Operating profit/(loss)</b> .....	<b>16,821</b>	<b>(740)</b>
Net finance expense .....	(22,609)	(12,140)
<b>Adjusted Profit/(loss) before tax</b> .....	<b>5,806</b>	<b>(11,062)</b>
Less: Exceptional items (non-finance) .....	(4,094)	802
Less: Exceptional items (finance) .....	(1,882)	—
Less: Amortisation .....	(5,618)	(2,620)
<b>(Loss) before tax</b> .....	<b>(5,788)</b>	<b>(12,880)</b>
Income tax (charge)/credit .....	(436)	—
<b>(Loss) from continuing operations</b> .....	<b>(6,224)</b>	<b>(12,880)</b>
Profit on disposal of discontinued operations .....	14,770	—
Profit from discontinued operations, net of tax .....	162	—
<b>Profit/(loss) for the financial period</b>	<b>8,708</b>	<b>(12,880)</b>

Notes:

- (1) The Group has adopted the IFRS16 Leases standard from 29 December 2019 (the date of initial adoption or DIA). Adoption of IFRS16 has had a significant impact on the condensed consolidated income statement and condensed consolidated statement of financial position, the impact of which is summarised in Note 2 of the H120 Interim Financial Statements, which are incorporated by reference into this document.

The following table sets out the condensed consolidated statement of financial position as at the dates indicated.

	<b>As at</b>	
	<b>28 December 2019</b>	<b>27 June 2020<sup>(1)</sup></b>
	(£'000)	
Non-current assets.....	262,243	330,303
Current assets.....	114,789	131,007
Non-current liabilities.....	(218,540)	(275,810)
Current liabilities.....	(79,531)	(118,436)
<b>Net assets.....</b>	<b>78,961</b>	<b>67,064</b>

Notes:

- (1) The Group has adopted the IFRS16 Leases standard from 29 December 2019 (the date of initial adoption or DIA). Adoption of IFRS16 has had a significant impact on the condensed consolidated income statement and condensed consolidated statement of financial position, the impact of which is summarised in Note 2 of the H120 Interim Financial Statements, which are incorporated by reference into this document

The following table sets out the condensed consolidated statement of cash flows for the periods indicated.

	<b>52 weeks ended 28 December 2019</b>	<b>26 weeks ended 27 June 2020</b>
	(£'000)	
Cash and cash equivalents at start of period (total) .....	19,907	22,658
Net cash generated from operating activities.....	22,182	37,946
Net cash generated from/(used in) investing activities.....	38,948	(3,411)
Net cash (paid)/received from financing activities.....	(58,379)	5,511
<b>Cash and cash equivalents at end of the period (total).....</b>	<b>22,658</b>	<b>62,704</b>

### **B.3 What are the key risks that are specific to the issuer?**

If the Capital Raise does not successfully complete, the Group may breach its existing financial covenants, which could ultimately lead to a large reduction in shareholder value and result in the Group having insufficient capital to maintain its business.

The COVID-19 pandemic has had, and is likely to continue to have, a material adverse effect on the Group, the ultimate extent of which cannot currently be accurately predicted.

An economic downturn and resulting decreases in demand in the United Kingdom or Ireland may adversely affect the Group's revenue and operating results by decreasing the demand for its rental equipment and the prices it may charge.

The Group's industry is highly competitive, and competition may increase.

The Group's failure to successfully implement its strategic plans and its new operating model could lead to lower than expected financial performance.

A decline in the Group's customer service levels could result in a loss of customers and market share, which could harm its revenue and operating results.

The Group is subject to risks associated with outsourcing arrangements.

The Group is dependent on its relationships with key suppliers to obtain equipment and other supplies for its business on acceptable terms.

## C. KEY INFORMATION ON THE SECURITIES

### C.1 *What are the main features of the securities?*

#### C.1.1 *Type, class and ISIN*

Pursuant to (i) the Placing and Open Offer, the Company will issue up to 354,598,212 new ordinary shares (the **Open Offer Shares**) and (ii) the Firm Placing, the Company will issue 185,619,010 new ordinary shares (the **Firm Placed Shares**), each of one pence each in the capital of the Company. The Open Offer will be made on the basis of 25 New Shares for every 12 existing ordinary share in the Company as at the Record Date (the **Existing Shares**). The Open Offer is not underwritten save for the commitments received from Exponent, Toscafund and Ravenscroft. However, subject to the waiver or satisfaction of the conditions and the Sponsor and Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer may be issued to Placees procured by the Sponsor. Each of the Firm Placing and the Placing are conditional upon the Open Offer proceeding and there will be no Placing if Qualifying Shareholders take up their Open Offer Entitlements in full (or all Open Offer Shares are subscribed for under the Excess Application Facility). For the purposes of section 578 of the Companies Act, if the Open Offer is not subscribed for in full, the New Shares subscribed for in the Open Offer, or otherwise, may still be allotted in any event.

When admitted to trading on the main market for listed securities of London Stock Exchange, the New Shares (all of which are ordinary shares) will be registered with ISIN number GB00BVFD4645 and SEDOL number BVFD464 and trade under the symbol "HSS".

#### C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The currency of the issue is United Kingdom pounds sterling.

Immediately prior to the publication of this document, the aggregate nominal value of the share capital of the Company was £1,702,071, comprising 170,207,142 Existing Shares of one pence each, all of which were fully paid or credited as fully paid.

The issued and fully paid aggregate nominal value of the share capital of the Company immediately following completion of the Capital Raise will be up to £7,374,352.25, comprising 737,435,225 Shares of one pence each (calculated on the basis of the Maximum Participation Assumptions).

#### C.1.3 *Rights attached to the Shares*

The New Shares will, when issued and fully paid, rank equally in all respects with the Existing Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Shares.

#### C.1.4 *Rank of securities in the issuer's capital structure in the event of insolvency*

The New Shares will not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The New Shares and the Existing Shares will rank *pari passu* in all respects.

#### C.1.5 *Restrictions on the free transferability of the securities*

There are no restrictions on the free transferability of the Shares save as provided in the Articles.

#### C.1.6 *Dividend or payout policy*

While the Board recognises the importance of dividends to Shareholders, in recent years the Directors have been committed to delivering HSS Hire's strategic priorities. These include reducing the Group's net debt. The Senior Financing Facility also contains certain restrictions on the Group in respect of paying dividends if the Group's net debt leverage ratio is at or exceeds 2.5x. Beyond dealing with the immediate priorities of responding to COVID-19, the Board remains firmly focused on reducing net debt in line with the Group's strategy. As such, the Board believes that the interests of the Shareholders are best served by the Company not paying a dividend until the Group's net debt leverage ratio falls below 2.5x at the earliest.

## **C.2** *Where will the securities be traded?*

Application will be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Subject to the passing of Resolution 9 at the General Meeting, an application will subsequently be made for the Shares (including both the Existing Shares and the New Shares) to be admitted to trading on AIM. It is expected that AIM Admission will occur on or about 14 January 2021.

## **C.3** *What are the key risks that are specific to the securities?*

### *Risks relating to the Shares*

If the Delisting and AIM Admission do not proceed, the Company may be in breach of the free float requirement of the Official List.

The market price of the Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Shares (or securities similar to them), including, in particular, in response to various facts and events, including any variations in the Group's operating results and/or business developments of the Group and/or its competitors.

The market price for the Shares may decline below the Offer Price and Shareholders may not be able to sell Shares at a favourable price after the Capital Raise.

In the event that: (i) the Open Offer Entitlements are taken up in full by the Shareholders or Placees are procured for those Open Offer Shares not taken up; (ii) Toscafund and Ravenscroft subscribe for New Shares under the Firm Placing in accordance with the Commitment Letters; and (iii) HPS chooses to exercise its rights under the HPS Warrants to subscribe for New Shares in full, Shareholders would be diluted by 28.8%. In the event that HPS does not choose to exercise its rights under the HPS Warrants but the other assumptions remain valid, Shareholders would be diluted by 26.1%.

In the event that: (i) no Open Offer Entitlements are taken up by Shareholders other than Exponent, Toscafund and Ravenscroft; (ii) Exponent, Toscafund and Ravenscroft subscribe for New Shares under the Open Offer and Firm Placing in accordance with the Commitment Letters; (iii) no Placees are procured for those Open Offer Shares not taken up; (iv) each Director participates in full in the Open Offer in respect of the New Shares to which they are entitled; and (v) HPS chooses not to exercise its rights under the HPS Warrants to subscribe for New Shares, Shareholders would be diluted by 72.0%. In the event that HPS exercises its rights under the HPS Warrants in full but the other assumptions remain valid, Shareholders would be diluted by 73.0%.

An active market in the Shares may not develop on AIM following the Delisting and subsequent AIM Admission and the Shares may be subject to greater fluctuations in value.

## **D. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET**

### **D.1** *Under which conditions and timetable can I invest in this security?*

It is expected that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 8 December 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The Company is proposing to raise gross proceeds of up to £54 million (before expenses) by way of the Capital Raise, which consists of a Placing and Open Offer of up to 354,598,212 New Shares and a Firm Placing of 185,619,010 New Shares at 10 pence per New Share (the **Offer Price**) through the Capital Raise. The Capital Raise consists of the Placing and Open Offer and Firm Placing. The Offer Price represents a 52.8% discount to the closing price of 21.2 pence per Share on 23 October 2020, being the last Business Day prior to announcement of the Capital Raise (the **Announcement**).

The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate up to 354,598,212 New Shares at the Offer Price by subscribing both for their Open Offer Entitlements and for any Excess Open Offer Entitlements, subject to availability. Subject to the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form, each Qualifying Shareholder is being given an opportunity to apply for New Shares at the Offer Price (payable in full and free of all expenses) on the following *pro rata* basis: 25 New Shares at 10 pence each for every 12 Existing Share held and registered in their name

at the Record Date in proportion to any other number of Shares then held, rounded down to the nearest whole number of New Shares. Qualifying Shareholders may also apply, under the Excess Application Facility, for Excess Shares not taken up under the Open Offer Entitlements of other Qualifying Shareholders. In all circumstances, allocation of Excess Shares shall be subject to the discretion of the Directors. To the extent that there remains unallocated Excess Shares following the application by Qualifying Shareholders under the Excess Application Facility, such Excess Shares will be made available under the Placing.

Subject to the waiver or satisfaction of the conditions and the Sponsor and Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer may be issued to Placees procured by the Sponsor.

As a consequence of the current interest of Toscafund in the Company, its proposed participation in the Firm Placing is a related party transaction for the purposes of Chapter 11 of the Listing Rules and therefore requires the prior approval of independent Shareholders by ordinary resolution. A resolution to approve the related party transaction is therefore to be proposed at the General Meeting as an ordinary resolution and will pass, subject to the other Resolutions being passed, if more than 50% of the votes cast (either in person or by proxy) are in favour. Toscafund is not entitled to vote and has undertaken to abstain from voting in respect of any Shares it has control over on the resolution to approve its related party transaction at the General Meeting.

## **D.2 *Why is this document being produced?***

The purpose of this document is to explain the background to, and reasons for, the Proposals and to set out the terms and conditions of the Capital Raise. The Board believes the Proposals, including the Capital Raise, to be in the best interests of Shareholders as a whole and this document will explain why the Board unanimously recommends that Shareholders should vote in favour of the Resolutions, as each Director has committed to do so in respect of his or her own legal and beneficial holdings of Shares, with the exception of Tom Sweet-Escott, whose interests in the Company are held through Exponent.

The gross proceeds of the Capital Raise (excluding any Warrant Exercise) will be up to approximately £54.0 million (calculated on the basis of the Maximum Participation Assumptions), with the Company having received aggregate commitments from Shareholders and its Directors in connection with the Open Offer and Firm Placing of £43.8 million. The total costs, charges and expenses payable by the Company in connection with the Capital Raise are estimated to be approximately £2.9 million (exclusive of VAT). No expenses will be charged by the Company to the purchasers of the New Shares.

The Group intends to use the net proceeds of the Capital Raise to strengthen the balance sheet, which would support covenant compliance, and includes the repayment of the £15 million of debt falling due in January 2021 under the Senior Financing Facility in order to further deleverage. The Group intends to use the remaining net proceeds of the Capital Raise to continue investing in its technology platform to strengthen the Group's commercial proposition and to continue investing in its hire fleet to support the Group's tool hire business.



## RISK FACTORS

*The Capital Raise and any investment in the New Shares are subject to a number of risks. Accordingly, Shareholders and prospective investors should carefully consider the factors and risks associated with any investment in the New Shares, the Group's business and the industry in which it operates, together with all other information contained in this document and all of the information incorporated by reference into this document, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. Some of the following factors relate principally to the Group's businesses. Other factors relate principally to the Capital Raise and an investment in the New Shares. The Group's businesses, operating results, financial condition and prospects could be materially and adversely affected by any of the risks described below. In such case, the market price of the New Shares may decline and investors may lose all or part of their investment.*

*Prospective investors should note that the risks relating to the Group, its industry and the New Shares, summarised in the section of this document headed "Summary" are the risks that the Group considers to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the New Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, operating results and financial condition and, if any such risk should occur, the price of the New Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the New Shares is suitable for them in the light of the information in this document and their personal circumstances.*

### **Risks relating to the Group's business and industry**

***If the Capital Raise does not successfully complete, the Group may breach its existing financial covenants which could ultimately lead to a large reduction in shareholder value and result in the Group having insufficient capital to maintain its business.***

The Group requires capital for, among other purposes, purchasing rental equipment to replace existing equipment that has reached the end of its useful life, maintaining a certain size, mix and attractiveness of its rental equipment fleet that matches customer demand, and for maintaining and refinancing existing debt. The Group's financing arrangements currently consist of a senior financing facility of £220 million (the **Senior Financing Facility**), an undrawn overdraft and a revolving credit facility of £25 million (the **Revolving Credit Facility**) and finance lease lines to fund hire fleet capital expenditure. As at 27 June 2020, the Group's net debt (excluding the IFRS16 impact of £80.1 million of additional lease liabilities) stood at £156.7 million, a reduction of £22.8 million from 28 December 2019. This included the Senior Financing Facility being fully drawn down at £182 million, and £17.2 million of drawings from the Revolving Credit Facility. Both the Senior Financing Facility and Revolving Credit Facility are subject to a net debt leverage financial covenant test every quarter.

The COVID-19 pandemic has significantly impacted the Group's revenue in 2020. As a result, the Group implemented the following measures to manage costs and preserve liquidity:

- The Group has reduced capital expenditure and continues to adopt a disciplined approach to investment driven by demand and returns.
- The Group has engaged in overhead reduction, for total savings of approximately £12 million, and utilised the UK Government's Job Retention Scheme placing, at the highest point, 62% of the Group's workforce on furlough in March 2020 and receiving a total of approximately £9.6 million in aggregate in payments from the UK Government as part of the scheme between 25 April 2020 and 17 October 2020. Since then it has engaged in a significant restructuring and moved to a digital approach, including the following steps:
  - The Group has permanently shut 134 branches (and is in discussions with landlords regarding the medium- and longer-term lease commitments for these branches), leaving around 120 remaining locations, including builders merchant concessions, providing national coverage; and

- The Group has made 12% of its approximately 2,400 employees redundant as of October 2020.
- The Group has negotiated rental holidays with certain landlords and reduced the salaries of certain members of management for three months.
- The Group has also utilised a number of additional measures made available by the UK Government in response to the COVID-19 pandemic to help conserve cash, including:
  - making savings totalling approximately £3 million from relief or grants from local authorities in relation to business rates; and
  - deferring approximately £5.7 million in VAT liabilities due to HMRC in Q2 2020 to fall due in ten equal instalments between April 2021 and January 2022.

As a result of these actions, liquidity was increased to above £60 million, and the Group met the June net leverage covenant tests with headroom of 1.1x. However, if the Capital Raise does not complete successfully, the Group may, depending on the Group's trading performance prior to the next testing date, breach its net leverage covenants under the Senior Financing Facility and the Revolving Credit Facility. The next testing date in respect of these covenants is 31 December 2020, with a compliance certificate due by 14 February 2021. Both facilities include a 20 business day cure period following delivery of the compliance certificate (the **Cure Period**). If a breach occurred and was not remedied within that period, the Group's lenders would be able to declare a default on the debts owed to them by the Group. This would mean that all of the amounts outstanding under the Senior Financing Facility and Revolving Credit Facility, which, as at the date of this document was £182 million and £17.2 million, respectively, could become immediately repayable and the Group's lenders could enforce the security they hold over the Group's assets. Although the Directors have considered potential remedial actions that could be taken, both in respect of avoiding a breach of the covenants and remedying a breach of the covenants if this were to occur, including (i) a refinancing or a reset or waiver of covenants or (ii) a disposal of assets, the Directors have determined that these actions would not be achievable in the required timeframe and there would be material risks associated with each option, including the need to obtain agreement from the Group's lender or third parties which may not be forthcoming. Therefore, the Directors have determined that the Group would be unlikely to obtain the funds necessary to pay all due amounts should a breach occur.

As a result, the Directors have determined that if (i) the Group breaches its net leverage covenants under the Senior Financing Facility and the Revolving Credit Facility and the breach was not remedied during the Cure Period and (ii) the Capital Raise does not successfully complete, Shareholders would lose all or a substantial part of their investment in the Company as a result, and Administration would become a possible outcome for the Company immediately following expiration of the Cure Period in March 2021.

The successful completion of the Capital Raise requires the fulfilment of the commitments given by each of Exponent, Toscafund and Ravenscroft under their respective Commitment Letters, and consequently requires the satisfaction or waiver of the conditions set out therein.

***The COVID-19 pandemic has had, and is likely to continue to have, a material adverse effect on the Group, the ultimate extent of which cannot currently be accurately predicted.***

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China, and has since spread globally. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the level of a pandemic.

The COVID-19 pandemic has created very significant challenges for companies given its widespread adverse global economic, social and operational impact, the effects of which are continuing to unfold. For more information on the impact of adverse economic conditions, see "*—An economic downturn and resulting decreases in demand in the United Kingdom or Ireland, may adversely affect the Group's revenue and operating results by decreasing the demand for its rental equipment and the prices it may charge*" below.

From March 2020, the Group temporarily closed all of its United Kingdom branches and moved to a delivery-only and click-and-collect operation through its national network of Customer Distribution Centres (**CDCs**) and its OneCall rehire business. Following a strategic review, as a result of both the pandemic and more long-term customer trends, in October 2020, the Group made approximately 300 employees redundant and permanently closed 134 branches, due, in part, to restrictions on operations and to heavier reliance on digital sales channels. While e-Commerce channel sales in FY19 accounted for approximately 10% of the Group's revenue in FY19, and rose to 32% in H120, there is a risk that sales through the Group's e-Commerce distribution channel will not fully replace revenue lost due to branch closures. While the Group has been able to take advantage of the UK Government's temporary COVID-19 relief measures that have,

for example, allowed it to suspend business rates payments during the pandemic, the Group's physical locations will still incur costs. In addition, the Group may experience increased levels of stock obsolescence to the extent economic conditions and/or restrictions on operations do not recover, and quarantine restrictions may adversely impact the ability of the Group's key personnel to collaborate effectively. Further, the Group may be impacted by decreased activity by, or the insolvency of, its key customers, which could lead to a decline in demand for the Group's products.

The Group has also taken a series of additional steps to reduce costs and protect cashflow and ensure the health and safety of its teams. For more information, see "*—If the Capital Raise does not successfully complete, the Group may breach its existing financial covenants which could ultimately lead to a large reduction in shareholder value and result in the Group having insufficient capital to maintain its business*" above. The Group will benefit from a 12 month business rates holiday in the United Kingdom (which is expected to save the Group £3.0 million over a 12 month period). However, these measures will likely not be sufficient to offset the full impact of reduced sales due to the COVID-19 pandemic, which will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, while the Group does not currently envisage supply disruptions and inventory levels are sufficient, if the pandemic continues beyond what is currently anticipated and results in a prolonged period of commercial, manufacturing, travel and other similar restrictions, the Group could experience significant supply disruptions. The Group may need to develop alternate sourcing and there is no assurance that the Group will be able to do so quickly, and alternate suppliers may cost significantly more. For additional information, see "*—The Group is dependent on its relationships with key suppliers to obtain equipment and other supplies for its business on acceptable terms*" below. Further, if the manufacturing process is delayed, the Group may have to incur additional expense to transport its products on a more expedited basis.

Any of the above factors have had and can be expected to have in the future a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***An economic downturn and the resulting decreases in demand in the United Kingdom or Ireland along with corresponding increases in competition within the market, may adversely affect the Group's revenue and operating results by decreasing the demand for its rental equipment and therefore the prices it may charge.***

As a result of the recent global economic downturn and consequent decline in construction and other industrial activities due to social distancing restrictions, the tool and equipment hire market in the United Kingdom and Ireland has experienced a decline in activity and demand. Like most participants in the industry, the Group has experienced decreased demand for its equipment in the United Kingdom and Ireland. In the event of a slowdown in the construction industry, which tends to be cyclical in nature, the Group may experience heightened price competition from its competitors seeking to utilise their excess or idle rental equipment. Such competition could negatively affect the Group's operating results from both a volume and margin perspective and, as many of its costs are fixed, may negatively impact on the Group's cash flow. Adverse macroeconomic conditions may also impact the Group's operations in other ways.

As the Group only operates in the United Kingdom and Ireland, its success is closely tied to general economic developments in the United Kingdom and Ireland and cannot be offset by developments in other markets. Negative developments, including in relation to Brexit (as defined below) and the COVID-19 pandemic, in, or the general weakness of, the United Kingdom and Irish economies and, in particular, higher unemployment, lower household income and lower consumer spending may have a direct negative impact on the spending patterns of both retail and business-to-business (**B2B**) customers. For more information on the impact of the COVID-19 pandemic, see "*—The COVID-19 pandemic has had, and is likely to continue to have, a material adverse effect on the Group, the ultimate extent of which cannot currently be accurately predicted*" above.

The following factors, among others, may also cause weakness in the Group's end markets, either temporarily or long term:

- a decrease in expected levels of infrastructure spending, including lower than expected government funding for economic stimulus projects;
- a decrease in the maintenance budgets of corporations or government entities;
- a decrease in spend in fit out activity, including in relation to retail and office premises;
- a reduction in rental of portable cooling and heating equipment due to office and other locations being closed or having reduced occupancy;

- uncertainty regarding global, national or regional economic conditions;
- a lack of availability of credit; or
- an increase in interest rates.

In addition, any deterioration in economic or financial market conditions may:

- cause financial difficulties for the Group's suppliers, which may result in their failure to perform as planned and, consequently, create delays in the delivery of the Group's products and services;
- result in inefficiencies due to the Group's inability to forecast accurately developments in the markets in which it operates and failure to adjust its costs appropriately;
- result in increased or more volatile taxes, which could negatively impact the Group's effective tax rate, including the possibility of new tax regulations, interpretations of regulations that are stricter or increased effort by governmental bodies seeking to collect taxes more aggressively; or
- result in increased customer requests for reduced pricing.

The occurrence of any of which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***The Group faces risks related to the United Kingdom's exit from the European Union***

The effects of the United Kingdom's exit from the European Union (***Brexit***), are currently uncertain and will depend on any agreements the United Kingdom makes to retain access to EU markets. Brexit may lead to legal uncertainty and potentially divergent national laws and regulations and could also adversely affect economic or market conditions in the United Kingdom and Ireland. Given the Group's results of operations for its Irish business must be translated into pounds sterling at the applicable exchange rate, the Group may be impacted by currency fluctuations due to Brexit. Brexit may also impact pricing that the Group is able to achieve on inventory and product continuity, as some of the Group's suppliers source their products from the EU.

***The Group's industry is highly competitive, and competition may increase.***

The equipment rental industry is highly competitive and highly fragmented. The markets in which the Group operates are served by numerous competitors, ranging from national equipment rental companies, like the Group, to smaller multi regional companies and approximately 1,000 small, independent businesses operating in a limited number of locations. Competitiveness in the UK equipment rental market may lead to pricing pressure. Price is a significant consideration for many customers and, as a result, the Group is still vulnerable to price competition. The Group's principal competitors are A-Plant, Loxam, Speedy and VP. Some of the Group's principal competitors may have greater financial resources, may be more geographically diversified and may be better able to withstand adverse market conditions, including in relation to the COVID-19 pandemic, within the equipment rental industry. Moreover, consolidation within the Group's industry could also intensify competition by resulting in the formation of industry participants with substantially greater financial, management or marketing resources than the Group, and such competitors could utilise their substantially greater resources and economies of scale in a manner that affects the Group's ability to compete effectively in the market. As a result of consolidation, the Group's competitors may be able to adapt more quickly to new technologies and customer needs, devote greater resources to promoting or selling their products and services, initiate and withstand substantial price competition, expand into new markets, hire away the Group's key colleagues, change or limit access to key information and systems, take advantage of acquisition or other strategic opportunities more readily and develop and expand their product and service offerings more quickly than the Group is able to. In addition, the Group's competitors may form strategic or exclusive relationships with each other and with other companies in attempts to compete more successfully against the Group, all of which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***The Group's failure to successfully implement its strategic plans and its new operating model could lead to lower than expected financial performance.***

Since early 2018, the Group has been implementing a new strategy that involves three key strategic priorities: de-lever the Group, transform the tool hire business and strengthen the Group's commercial proposition. These priorities have remained generally unchanged throughout COVID-19 related lockdowns and government regulation; however they have continued to evolve and, in some cases, accelerate in response to such challenges, including with respect to the closure of 134 branches (leaving around 120

remaining locations, including builders merchant concessions, providing national coverage) and the redundancy of approximately 300 colleagues. The Group has also continued to focus on its digital strategy and systems required to ensure that optimal service is provided throughout and after the pandemic. For example, following the temporary closure of all its branches on 24 March 2020, the Group trialed and rolled out a click-and-collect process at its CDCs and has seen an acceleration in the number of these transactions, which is both in line with the Group's strategic plans and its COVID-19 response. Although the Directors believe the Group has successfully adapted its strategy to cope with the challenges of COVID-19 restrictions, the Group could be further impacted by changing government guidance and regulations, as well as changing consumer habits, any of which could affect the Group's abilities to continue to implement its strategic plans.

Further, there are risks associated with the Group's new operating model, including in relation to the Group's colleagues failing to adapt to new "virtual" ways of working; erosion of product pricing; competitor response; and a lack of physical branches. Most notably, the Group could experience significantly lower revenue retention following the closure of most of its physical branches. Although the Directors believe that the Group's revenue retention will remain steady, if revenue retention is significantly lower than expected going forward, the Group may decide to reopen branches and redeploy colleagues in virtual roles back into such branches which could further disrupt the Group's operations and colleague morale.

Should the Group fail to adapt to its new strategic plans and/or adapt to its new operating model, it could ultimately adversely affect the Group's customer proposition and have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***A decline in the Group's customer service levels could result in a loss of customers and market share, which could harm its revenue and operating results.***

The Group's success depends to a great degree upon retaining its existing key and other customers. The Group's high levels of service and customer support are reflected in its NPS score, which is significantly above the industry benchmark. Although the Group maintains these high service levels with the help of its team of approximately 120 field-based sales colleagues, if the Group scales back its service as a result of cost or if the Group's customer service levels decline for any other reason, the Group could, as a result, experience the loss of a significant number of its customer accounts.

Despite permanent and temporary branch closures and colleagues placed under furlough leave and/or made redundant in response to the COVID-19 pandemic, the Group has aimed to maintain its customer service levels within government guidelines. The Group originally adopted a delivery-only model through its CDCs and OneCall platform, with the Group's regional sales managers and area sales managers covering the closed branch incoming calls. The Group then rolled out a click-and-collect process. However, the Group will need to continuously reassess demand to determine when additional capacity is required and determine how best to increase capacity under its new, leaner strategic model. For more information on the Group's new strategy, see "*—The Group's failure to successfully implement its strategic plans could lead to a lower than expected financial performance*" above. Any failure to adequately adapt to changes in government guidelines or consumer demand could result in a decrease in customer service levels, which could lead to additional customers choosing to terminate their contracts with the Group. If a large group of customers should choose to terminate or not renew their contracts with the Group, this could have a material adverse effect on its business, financial condition, results of operations or prospects.

***The Group is subject to risks associated with outsourcing arrangements.***

The Group outsources certain functions of its business to third parties, particularly in relation to its Services segment which is dependent upon the performance of third-party service providers over which the Group does not have direct control. In particular, the Group's HSS OneCall business relies on a network of third-party partners to source equipment that the Group does not typically hold as part of its hire fleet. If any of the third parties the Group relies on becomes unable or refuses to fulfil their obligations in a timely and appropriate manner or at all, or to comply with the Group's policies or standards or applicable laws and regulations, including in relation to closures, illness and restriction of movement as a result of the COVID-19 pandemic, there could be a negative impact on the Group's operations. A violation, or allegations of a violation, of such laws or regulations, or failure to achieve particular standards, by any of the Group's outsourcing partners could lead to adverse publicity or a decline in demand for the Group's products or require that the Group incur expenditure or make changes to its operating model and other business arrangements. In addition, the Group's use of third-party providers is subject to risks of those third parties, which are outside of the Group's control, such as insolvency of such parties, labour shortages and work

stoppages, and any disruption, unanticipated expense or operational failure of these services could negatively affect the Group's business, financial condition, results of operations or prospects.

***The Group is dependent on its relationships with key suppliers to obtain equipment and other supplies for its business on acceptable terms.***

The Group seeks to achieve cost savings through the centralisation of its equipment and non-equipment purchases. However, as a result, it depends on a group of key suppliers. While the Group makes every effort to evaluate its counterparties prior to entering into significant procurement contracts, it cannot predict the impact on its suppliers of the economic environment, COVID-19 and other developments in their respective businesses. Insolvency, financial difficulties or other factors may result in the Group's suppliers not being able to fulfil the terms of their agreements with the Group. If a key supplier fails to deliver on key commitments, the Group could experience shortages of equipment and other supplies used in its business until an alternative supplier can be found, which could lead to lost revenue.

Furthermore, the factors described above may render suppliers unwilling to extend contracts that provide favourable terms to the Group or may force them to seek to renegotiate existing contracts with the Group. The Group has no legal assurance that any of these relationships will continue or continue on the same terms and its revenue and equipment inventory levels could suffer if it is unable to promptly replace a supplier who is unwilling or unable to satisfy its price, quality, safety standards, quantity or other requirements.

In addition, as the Group directly sources some of its hire equipment from Asia, the Group's business may be affected by the risks associated with international trade and conducting business in developing countries, including, but not limited to, the imposition of taxes, duties and other charges on imports, compliance with, and changes to, import restrictions and regulations, shipping and customs delays, exposure to different legal standards and the burden of complying with a variety of laws and changing government policies, political and economic instability and unrest and differing standards of quality, sourcing and employment practices. If any of these risks were to affect the Group's ability to directly source hire equipment from Asia, it could adversely affect the Group's business, financial condition, results of operations or prospects.

Although the Directors believe that the Group has alternative sources of supply for the equipment and other supplies used in its business, termination of its relationship with any of its key suppliers or a substantial decrease in the availability of such equipment and supplies could have a material adverse effect on the Group's business, financial condition, results of operations or prospects in the event that it were unable to obtain adequate equipment or supplies from other sources in a timely manner or at all.

***Any disruptions in the Group's IT systems could limit its ability to effectively monitor and control its operations and adversely affect its operating results.***

The Group depends on its IT systems for the efficient functioning of its business, particularly given the Group's strategic focus on digital expansion and the increased reliance on IT systems, including as a result of increased homeworking following the COVID-19 pandemic. The Group's IT systems, including its point of sale IT platforms, facilitate its ability to monitor and control its assets and operations, adjust to changing market conditions and customer needs and allow its employees to work from home during the COVID-19 pandemic. Any significant disruptions or failure in these systems to operate as expected could, depending on the magnitude of the problem, adversely affect proper functioning of the Group's business, at the point of sale and by limiting its capacity to effectively monitor and control its assets and operations, including its ability to provide expected service levels to customers and its delivery capabilities, in a timely manner.

In addition, the Group continues to make significant investments into its digital capability, including through the launch of the HSS Hire App, new driver technology and the OneCall platform, to better meet its customers' needs and establish itself as a digital-led equipment services platform. Therefore, the integration of new technologies, including third-party technology, is of critical importance to the Group's strategy going forward, as well as its ability to cope with operational changes due to COVID-19. See "*—The Group's failure to successfully implement its strategic plans could lead to lower than expected financial performance*" above. A failure to integrate new technology or provide adequate IT functionality to support homeworking could affect the proper functioning of the Group's business or require additional capital expenditures. An internal or external security attack could lead to a potential loss of confidential information and disruption to the business' transactions with customers and suppliers. Third party specialists continue to be engaged to assess the appropriateness of IT controls, including the risk of malicious or inadvertent security attacks. This includes penetration testing on a regular basis to detect weakness in the Group's IT and cyber security. In the future, there can be no assurance that the Group will be able to maintain the level

of capital expenditures necessary to support the improvement or upgrading of its IT infrastructure. Any failure to effectively maintain, improve or upgrade its IT infrastructure and management information systems in a timely manner or at all could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***Direct privacy breaches or any failure to protect clients' confidential information could harm the Group's reputation and expose it to litigation.***

The Group is subject to a number of laws relating to privacy and data protection, including, in particular, the General Data Protection Regulation (Regulation (EU) 2016/679) (**GDPR**) the United Kingdom's Data Protection Act 2018 and the EU Privacy and Electronic Communications Regulations. Such laws govern the Group's ability to collect, use and transfer personal data, including relating to its customers and business partners, as well as any such data relating to its employees and others. The Group routinely transmits and receives personal, confidential and proprietary information (such as debit and/or credit card details of its customers) by electronic means and therefore relies on the secure processing, storage and transmission of such information in line with regulatory requirements. Therefore, the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws which could lead to the imposition of fines or regulatory action, together with associated negative publicity. For example, breaches of the GDPR can result in fines of up to 4% of annual global turnover.

Any perceived or actual failure by the Group, including its third-party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws or regulations may harm its reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers, result in litigation or other actions being brought against the Group and the imposition of significant fines and, as a result, could have a material adverse effect on its business, financial condition, results of operations or prospects.

***If the Group is unable to collect amounts owed to it by its customers, its operating results would be adversely affected.***

One of the reasons some of the Group's customers find it more attractive to rent equipment than own that equipment is their need to deploy their capital elsewhere. However, this means that some of the Group's customers may have liquidity issues and ultimately may not be able to fulfil the terms of their rental agreements with the Group. Although the Group has recently aimed to reduce its overdue debt by, inter alia, strengthening its debt collection team and creating a dispute management team, as at 27 June 2020, the Group had a bad debt impairment balance of £3 million, representing 5.8% of gross trade receivables which amounted to £52.1 million as at H120. While the Group's level of bad debts experienced in 2020 is below the previous two financial years, supported by an extensive credit checking process for its account customers and a dedicated debt collection team, if a large number of customers were to have unforeseen financial difficulties at the same time, the Group's credit losses could increase above historical levels. Additionally, the Group could be affected by unauthorised, incorrect or fraudulent payments, a large number of which could lead to financial loss or delays that could affect relationships with suppliers and lead to a disruption of supply. The occurrence of any of these risks, all of which have been exacerbated due to the COVID-19 pandemic, could materially adversely affect the Group's business, financial condition, results of operations or prospects. In particular, there is an increased risk of customers becoming unable to pay their debts to the Group as a result of the COVID-19 lockdown, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's ability to attract and retain key personnel may affect its ability to efficiently manage its business and execute its strategy.***

The Group's business depends on the quality of, and ability to retain, its senior management, and competition in its industry and the business world for top management talent is generally significant. Although the Directors believe the Group generally has competitive pay and benefit packages, there can be no assurance that the Group's efforts to attract and retain senior management will be successful. The loss of services of certain members of the Group's senior management could adversely affect the Group's business until suitable replacements can be found. There may be a limited number of persons with the requisite skills to serve in these positions and there can be no assurance that the Group would be able to locate or employ such qualified personnel on terms acceptable to the Group or at all.

Although the Group continues to assess how to ramp up operational activity while maintaining social distancing, there can be no assurance that the Group will be able to retain key personnel through the

duration of the COVID-19 pandemic and effectively limit colleague turnover. A significant increase in such turnover could negatively affect the Group's results of operations and financial performance.

***The Group could be adversely affected by environmental and health and safety requirements, which could force it to incur significant operational costs.***

The Group's operations, like those of other companies engaged in similar businesses, require the handling, use, storage and disposal of certain regulated materials. As a result, the Group is subject to the requirements of relevant United Kingdom, Irish and EU environmental and occupational health and safety laws and regulations. These laws regulate such issues as waste water, solid and hazardous wastes and materials, emissions and air quality. Under these laws, the Group may be liable for, among other things, the costs of investigating and remediating contamination at its sites as well as sites to which it sent potentially hazardous or polluting materials regardless of fault, and fines and penalties for non-compliance. The Group's operations generally do not raise significant environmental risks, but the Group supplies fuel and machines that run on fuel to its customers. Additionally, the Group uses hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and waste water from equipment washing, and store and dispense petroleum products from storage tanks located at certain of its locations.

Although the Group seeks to be in complete compliance with all such requirements, the Group could be subject to potentially significant fines or penalties, as well as reputational damage, if it fails to comply with any of these requirements or if it is involved in a claim where a customer has failed to comply.

The Group has made and will continue to incur expenditure in order to comply with these laws and regulations and it has purchased insurance to cover common liabilities. However, the requirements of these laws and regulations are complex, change frequently and could become more stringent in the future. For example, the UK Government provided guidance in May 2020 in response to the COVID-19 pandemic that states that the employer has a legal responsibility to protect workers and others from risk to their health and safety. Although the Group has published a formal internal "COVID-19 Operations Procedure" which standardises processes across the business to limit exposure to COVID-19, including thorough implementation of stricter hygiene procedures and installation of barriers and screens for customers, there can be no assurance that such procedures will be effective, which could result in liability for the Group. It is possible that these requirements will change or that liabilities that are not covered by the Group's insurance coverage will arise in the future in a manner that could have a material adverse effect on its business, financial condition, results of operations or prospects. For additional information on the Group's insurance coverage, see "*—The nature of the Group's business exposes it to various liability claims which may exceed the level of its insurance and damage the Group's brand and reputation*" below.

Based on the conditions currently known to the Group, the Directors do not believe that any pending or likely remediation and compliance costs will have a material adverse effect on the Group's business. There can be no certainty, however, as to the potential financial impact on the Group's business if new adverse environmental conditions are discovered or environmental and safety requirements, particularly in relation to COVID-19, become more stringent. If the Group is required to incur environmental compliance or remediation costs that are not currently anticipated by it, the Group's reputation, business, financial condition, results of operations or prospects could be adversely affected depending on the magnitude of the cost.

***The nature of the Group's business exposes it to various liability claims which may exceed the level of its insurance and damage the Group's brand and reputation.***

The nature of the Group's business exposes it to claims for personal injury, death or property/environmental damage by its colleagues, customers and the general public, resulting from the use of the equipment it rents and from injuries caused in motor vehicle accidents in which its vehicles are involved. The Group carries insurance covering a wide range of potential claims at levels the Directors believe are sufficient to cover existing and future claims and are on terms generally available in the market. However, the costs of insurance can be volatile, and may be affected by natural catastrophes, fear of terrorism, financial irregularities or fraud at other companies and the state of the insurance sector generally. Although the Group has historically been able to obtain insurance coverage the Directors believe is appropriate, it is possible that insurance costs may increase substantially in the future or that the availability of insurance coverage for certain risks may be withdrawn completely or increase significantly in cost, particularly in light of COVID-19. In these circumstances, the Group may be unwilling or unable to obtain insurance either at acceptable prices or at all and, as such, may have to forego or limit its purchase of relevant insurance. Although the Group regularly assesses its equipment for safety and has not experienced any material losses that were not covered by insurance, its future claims may exceed the level of its insurance, and the Group may be



unwilling or unable to obtain suitable insurance, or to claim for certain losses under its insurance policies, and it could be forced to bear the losses of uninsured events. In such an event, such insurance may not continue to be available at the same levels or on economically reasonable terms, or at all.

In addition, even if they were resolved without direct adverse financial effect, such claims could have a material adverse effect on the Group's brand and reputation. If the Group were to be found liable under any such claims, the Group's business, results of operations, financial condition or prospects could be materially adversely affected.

***The Group has operations throughout the United Kingdom and Ireland, which exposes it to the regulations of the United Kingdom, Ireland and the European Union. Changes in applicable laws, regulations or requirements, or the Group's material failure to comply with any of them, can increase its costs and have other negative impacts on the Group's business.***

The Group's premises located across the United Kingdom and Ireland expose it to a host of different local and regional laws and regulations. These laws and regulations address multiple aspects of the Group's operations, such as worker safety, environmental considerations, product safety, quality and liability, consumer rights, privacy, colleague benefits, anti-bribery, anti-modern slavery and anti-facilitation of tax evasion and may also impact other areas of the Group's business, such as pricing and the operation of the Group's selling branches and CDCs. There are often different requirements in different jurisdictions, and the impact of Brexit could lead to further divergence of laws. If any of these laws or regulations were to change or the Group's management, colleagues or suppliers were to fail to comply with them, the Group may be required to implement extensive system and operating changes, and as a result, could experience delays in the getting its hire fleet out to customers, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for its services and damage its business, financial condition, results of operations or prospects.

Changes in these requirements, or any material failure by the Group's branches to comply with them, may increase the Group's costs, negatively affect its reputation, reduce its business, require significant management time and attention and generally otherwise impact the Group's business, financial condition, results of operations or prospects in materially adverse ways.

***The Group's business and competitive position is subject to risks associated with its leasehold property portfolio.***

The Group currently leases all of its branches and, therefore, the Group is subject to risks associated with periodically negotiating or renegotiating lease terms and lease expiry. The majority of leases for its branches typically have initial terms of five to ten years with a break option after five years, with a few leases having initial terms of 20 years with a break option after ten years. As a result, the Group is susceptible to changes in the property rental market, such as increases in its rent costs and challenges in relation to COVID-19 closures.

In line with the Group's strategy to become a more agile, digitally-led business, and following the changes in customer behaviours witnessed during the COVID-19 pandemic, the Group has permanently shut 134 branches in 2020, for which the Group made provisions on 7 October 2020. 97 trading locations are being retained and supplemented by a growing network of builders merchant concessions. In addition, during the COVID-19 pandemic the Group has negotiated with certain landlords to reduce rentals through rent holidays and extended rental payment plans. However, the Group's ability to maintain appropriate real estate for its remaining branches depends upon, among other things, its ability to negotiate suitable terms. These factors may result in, among other things, significant alterations in rental terms (including rental rates and service charges), an inability to achieve site renewals, the closure of stores in desirable locations. The Group may also be impacted by revaluations of commercial property taxes undertaken by the UK Government from time to time. As a result, any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***If the average age of the Group's hire fleet increases, its operating costs may increase and it may be unable to pass along such costs to customers, impacting its results of operations.***

Tools and equipment in the Group's hire fleet have a finite economic life after which the relevant tools and equipment must be replaced. In order to maximise the economic life of its hire fleet, the Group undertakes a programme of regular maintenance. As a general matter and absent a corresponding decrease in utilisation rates, the Group expects its total maintenance costs to increase in line with an increase in the average age of its hire fleet taken as a whole. In FY19, the Group's stock maintenance expenditures were £17 million, representing 5.2% of its revenue. To the extent that the Group allows the average age of its hire fleet to

increase, as a consequence of a decision to defer purchases of new tools and equipment, the Group's maintenance costs would increase, which could, if it is unable to pass such costs along to its customers, have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

***The Group's business depends on strong brands, and any failure to maintain, protect and enhance its brands could have a material adverse effect on its ability to grow its business.***

The Group's brands are important assets of its business. If customers lose confidence in the safety and quality of the equipment rented by the Group or if the Group does not succeed in otherwise maintaining strong brands, its business could be materially harmed. As the Group employs a business model that could allow competitors to duplicate its products and services, it cannot assure you that its competitors will not attempt to copy its business model and that this will not erode the Group's brand recognition and impair its ability to generate significant revenue. In addition, the Group may not always be able to secure protection for, or stop infringements of, its intellectual property, and may need to resort to litigation in the future to enforce its intellectual property rights. Any litigation could result in substantial costs and a diversion of resources.

Maintaining and enhancing the quality of its brands may require the Group to make substantial investments in areas such as marketing, community relations and colleague training. The Group actively engages in print and online advertisements, targeted promotional mailings and email communications, and engages on a regular basis in public relations and sponsorship activities to promote its brands and its business. Nevertheless, factors affecting brand recognition are often outside its control, and these investments may not ultimately have their desired effects. Brand value can be severely damaged even by isolated incidents, involving the Group directly or involving its customers or business partners, particularly if the incidents receive considerable negative publicity, whether or not founded, or result in litigation such as claims relating to health, safety, welfare or other such matters. The Group's brand value could diminish significantly if any such incidents or other events erode the confidence of its customers, which could have a material adverse effect on its business, financial condition, results of operations or prospects.

***Currency and interest rate fluctuations may have an impact on the Group's business, financial condition, results of operations or prospects.***

The Group is a United Kingdom headquartered business with its reporting currency as the pound sterling but derives some of its revenue in euros from branches located in the Republic of Ireland and certain of its assets, liabilities, revenue and costs are denominated in euros. In order to include the results of operations of the Group's Irish businesses in its consolidated financial statements, those results of operations must be translated into pounds sterling at the applicable exchange rate, which fluctuates continuously. In addition, whilst the Group sources the majority of its hire equipment from the United Kingdom, it sources some from overseas, which will expose the Group to transactional currency risk. Further, a material amount of hire equipment, whilst bought in the United Kingdom from United Kingdom based distributors who price it in pounds sterling, is manufactured overseas. Fluctuations in exchange rates have had, and may continue to have, an impact on the Group's financial condition and results of operations as reported in pounds sterling. Currency fluctuations can also have an impact on the Group's consolidated balance sheet, particularly total equity shareholders' funds, when the financial position of the Group's Irish businesses is translated into pounds sterling. In addition, certain of the Group's borrowings, including drawings under its Revolving Credit Facility, are subject to floating interest rates, which, if unhedged, could result in an increase in the Group's interest expense, which could have a material adverse on the Group's business, financial condition, results of operations or prospects.

***The Group's trading is impacted by seasonal trends and is therefore subject to risks associated with unseasonal or extreme weather.***

The seasonality and cyclicity of the equipment rental industry results in variable demand for the Group's products. For example, the Group typically experiences higher demand between July and November of each year and, as a result, it tends to generate slightly higher revenue during the second half of each fiscal year as compared to the first half. The Group also experiences seasonality impacts as a result of the nature of its hire fleet and the distribution of its product categories. Lighting and heating equipment, for instance, typically experience higher levels of demand during the winter season, while gardening and landscaping products experience higher levels of demand in the spring and summer seasons. Weather patterns can exacerbate these trends with particularly cold, hot or wet periods driving higher or lower demand among the Group's product categories. Prolonged unseasonal or extreme weather that occurs during periods when the

Group typically experiences more trading could therefore have a disproportionate impact on the Group's business, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

#### **Risks relating to the Capital Raise and an investment in Shares**

##### ***If the Delisting and AIM Admission do not proceed, the Company may be in breach of the free float requirement.***

If the Delisting and AIM Admission do not proceed, the Company will continue to be listed on the Official List and traded on the Main Market. Absent successfully taking any mitigating actions such as obtaining a further approval from the FCA for the modification of Listing Rule 9.2.15R, the Company's free float would remain below the level required under the Listing Rules. This could ultimately lead to the Company's Shares ceasing to be listed on the Official List and traded on the Main Market, without an alternate listing being obtained, if, for example, the FCA were to cancel the Company's listing in the event that the Company's free float remained below the level required under the Listing Rules and failed to obtain further approval from the FCA for a modification of Listing Rule 9.2.15R.

Additionally, because the Shareholder Resolutions to approve the Capital Raise are conditional upon the Shareholder Resolution to approve the Delisting and AIM Admission being approved, if Shareholder approval for the Delisting and AIM Admission is not obtained, the Capital Raise will not proceed and the Group may, depending on the Group's trading performance prior to the next covenant test date (31 December 2020, for which a compliance certificate is due by 14 February 2021), breach its net leverage covenants under the Senior Financing Facility and the Revolving Credit Facility. For additional information, see "*—If the Capital Raise does not successfully complete, the Group may breach its existing financial covenants which could ultimately lead to a large reduction in shareholder value and result in the Group having insufficient capital to maintain its business*" above.

##### ***The market price of the Shares could be subject to volatility.***

Prospective investors should be aware that the value of an investment in the New Shares may go down as well as up. The market price of the Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Shares (or securities similar to them), including, in particular, in response to various facts and events, including any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities, and which may be unrelated to the Company's operating performance or prospects.

Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Shares.

##### ***The market price for the Shares may decline below the Offer Price and Shareholders may not be able to sell Shares at a favourable price after the Capital Raise.***

The public trading market price of the Shares may decline below the Offer Price. Should that occur prior to the latest time and date for acceptance under the Open Offer, Qualifying Shareholders who take up any part of their Open Offer Entitlements or Excess Open Offer Entitlements will suffer an immediate loss as a result. Moreover, following the acceptance of their Open Offer Entitlements or Excess Open Offer Entitlements, Shareholders may not be able to sell their New Shares at a price equal to or greater than the acquisition price for those shares. If the public trading market price of the New Shares declines below the Offer Price, investors who have acquired any such New Shares will likely suffer a loss as a result.

##### ***Inability to exercise pre-emption rights on any issue of shares.***

As part of the Capital Raise, the share capital of the Company will be increased and the New Shares will be issued. In addition, further share capital increases and share issues may be proposed in the future. In respect of new issues of Shares for cash, Shareholders have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of the Shareholders at meeting. Such an issue could dilute the interests of the then existing Shareholders. Securities laws of certain jurisdictions, including, without limitation, the Excluded Territories, may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out on a pre-emptive basis.

***Shareholders outside the United Kingdom may not be able to subscribe for New Shares in the Placing and Open Offer or future issues of Shares.***

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Capital Raise. In particular, holders of Shares who are located in the United States may not be able to participate in the Placing or take up their entitlements under the Open Offer unless an exemption from the registration requirements of the Securities Act is available thereunder. The Capital Raise will not be registered under the Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for or acquire New Shares.

***The implementation of the Firm Placing will result in the dilution of ownership of Shares for Shareholders and the Placing and Open Offer will further dilute Qualifying Shareholders who do not, or are not permitted to, acquire New Shares in the Placing or Open Offer.***

Shareholders' economic and proportionate voting rights in the Company will be reduced by the Firm Placing. Further, if a Shareholder does not take up New Shares under the Open Offer, either because the Shareholder is in the United States or another jurisdiction where their participation is restricted for legal, regulatory and other reasons or because the Shareholder does not respond to the Open Offer by 11.00 a.m. on 3 December 2020, the expected latest time and date for acceptance and payment in full for that Shareholder's Open Offer Entitlements, or a Shareholder only takes up his or her Open Offer Entitlements in part, the Shareholder's proportionate ownership and voting interests as well as the percentage that their shares will represent of the total share capital of the Company will be further reduced.

***A significant sale of Shares may adversely impact the market price of the Shares.***

Any sales of a substantial number of Shares in the market after the Capital Raise, or the perception that such sales might occur, could depress the market price of the Shares. Although the Company does not have any plans to offer additional Shares within 12 months of the date of this document (other than pursuant to the Share Schemes), it is possible that the Company may decide to offer additional equity securities (over and above those issued pursuant to the Share Schemes) in the future. An additional offering of Shares could have an adverse effect on the market price of the Shares.

***Investors in the New Shares may be subject to exchange rate risk.***

The New Shares are priced in pounds sterling, and any dividends on the Shares will be paid in pounds sterling. Accordingly, any investor outside the United Kingdom is subject to adverse movements to their local currency against the pounds sterling. Any depreciation of the pounds sterling in relation to such foreign currency will reduce the value of the investment in the New Shares or any dividends in foreign currency terms, and any appreciation of the pounds sterling will increase the foreign currency terms of any such investment or dividends. In addition, such investors could incur additional transaction costs if they convert pounds sterling into another currency.

***It may not be possible to effect service of process upon the Company or the Directors or enforce court judgments against the Company or the Directors.***

The Company is incorporated in England and Wales and the rights of holders of Shares are governed by the Companies Act and by the Articles. These rights may differ from the rights of shareholders in non-United Kingdom corporations. In general terms, only a company may be the claimant in proceedings in respect of wrongful acts committed against it. In addition, it may be difficult for Overseas Shareholders to effect service of process outside the United Kingdom or to prevail in a claim against the Company under, or to enforce liabilities predicated upon, non-United Kingdom securities laws. An Overseas Shareholder may not be able to enforce a judgement against some or all of the Directors. The majority of its Directors are citizens or residents of England. As a result, it may not be possible for investors outside of the United Kingdom to effect service of process outside the United Kingdom against the Company or the Directors or to enforce against the Directors judgements of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. An Overseas Shareholder may not be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than the United Kingdom against the Directors who are residents of the United Kingdom or countries other than those in which judgement is made. In addition, English or other courts may not impose

civil liability on the Directors in any original action based solely on non-United Kingdom securities laws brought against the Company or its Directors in a court of competent jurisdiction in England or other jurisdictions.

### **Risks Relating to the Transfer to AIM**

***An active market in the Shares may not develop on AIM and the Shares may be subject to greater fluctuations in value.***

Although the Company intends to apply for all of the Shares to be admitted to trading on AIM following the Delisting, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, that it will be maintained following AIM Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies and may not provide the liquidity normally associated with the Main Market or on some other stock exchanges. Accordingly, as a consequence of the Company's Shares not being admitted to the Official List following the Delisting, the Shares may be more difficult to sell compared to the shares of companies listed on the Official List.

In addition, as a consequence of the Shares not being admitted to the Official List, the market price of the Shares may be subject to greater fluctuations than might otherwise be the case. Liquidity on AIM is in part provided by market makers who are member firms of the London Stock Exchange and who are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on each business day. Additionally, whilst a company's appropriateness for AIM is, in part, dependent on it having sufficient free float in order that there is a properly functioning market in the shares, there is no specific requirement for a minimum number of shares in an AIM quoted company to be held in public hands. Therefore, a more limited free float may impact the liquidity of the Shares.

***The regulatory regime for AIM companies is less rigorous than for those companies on the premium segment of the Official List, which means that the Company can take a broader range of actions without Shareholder consent and may make the Shares less desirable.***

Following AIM Admission, the Company will be subject to the AIM Rules. Shareholders should note that AIM is self-regulated, and the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List.

For example, under the AIM Rules, prior Shareholder approval is required only for transactions with a much larger size threshold than applied to companies whose shares are listed on the premium segment of the Official List. These larger transactions include reverse takeovers, and disposals resulting in a fundamental change of business (exceeding 75% in various size tests). Under the Listing Rules a broader range of transactions require shareholder approval including most related party transactions and acquisitions and disposals above a 25% size threshold on various tests. Once listed on AIM, therefore, shareholders will have less control over the Company in relation to these types of transactions.

The AIM Rules also contain less stringent obligations on buy backs, and there is no general requirement for a prospectus to issue further shares to institutional investors (provided they are of the same class). There are also no restrictions on the level of any discount for future offers of securities.

Finally, the Disclosure Guidance and Transparency Rules (other than in relation to notifications of the interests of significant shareholders in the Company) will cease to apply to the company, as will the UK Corporate Governance Code and so Shareholders may have less information available about the Company and its governance procedures than they would if the Company maintained a premium listing. The Company intends to comply with the QCA Corporate Governance Code.

Due to the less stringent regulatory requirements, eligibility criteria for admission and corporate governance requirements, investors may be less willing to invest in, companies with securities admitted to trading on AIM.

A Main Market listing also generally affords a company a greater profile and provides analyst coverage and interest from investors, which may mean the shares are less marketable once listed on AIM.

***Treatment of the Shares following AIM Admission and impact on individual shareholder's tax planning.***

Shares are admitted to trading on AIM but not listed. This means that the Delisting and AIM Admission could affect individual Shareholders' current tax planning, where that relies on the shares they hold being listed. For example, the Delisting may have implications for Shareholders holding shares through a Self-

Invested Personal Pension Plan (*SIPP*) if shares in unlisted companies do not qualify under the terms of that SIPP.

## IMPORTANT INFORMATION

### GENERAL

The Company will update the information provided in this document by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the offer occurs after the publication of this document or if this document contains any material mistake or substantial inaccuracy. This document and any supplement will be subject to approval by the FCA (as competent authority under Regulation (EU) 2017/1129) and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this document is published prior to Admission of the New Shares, investors shall have the right to withdraw their applications for New Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear Business Days after publication of the supplement).

### MARKET AND INDUSTRY INFORMATION

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research and publicly available information.

The Company confirms that all third-party data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Group considers to be reliable based upon the Directors' knowledge of the industry, have not been independently verified. Statements as to the Group's market position are based on recently available data.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document includes certain forward-looking statements, forecasts, estimates, projections and opinions (*Forward-looking Statements*). When used in this document, the words "anticipate", "believe", "estimate", "forecast", "expect", "intend", "plan", "project", "may", "will" or "should" or, in each case, their negative or other variations or similar expressions, as they relate to the Group, its management or third parties, identify Forward-looking Statements. Forward-looking Statements include statements regarding the Group's business strategy, objectives, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of the Directors (including based on their expectations arising from pursuit of the Group's strategy), as well as assumptions made by the Directors and information currently available to the Company.

Although the Group considers that these beliefs and assumptions are reasonable, by their nature, Forward-looking Statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. These factors, risks, uncertainties and assumptions could cause actual outcomes and results to be materially different from those projected. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. No representation is made or will be made that any Forward-looking Statements will be achieved or will prove to be correct. These factors, risks, assumptions and uncertainties expressly qualify all subsequent oral and written Forward-looking Statements attributable to the Group or persons acting on its behalf.

None of the Company, the Directors or the Sponsor assumes any obligation to update any Forward-looking Statement and disclaims any obligation to update their view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the Forward-looking Statements made in this document, except as required by law (including, for the avoidance of doubt, the Prospectus Regulation Rules, the Listing Rules and Disclosure Guidance and Transparency Rules).

In addition, this document contains information concerning the Group's industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding

the ways in which the industry, and the Group's market and business segments, will develop. These assumptions are based on information currently available to the Company. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on the Group's business, if there are such differences, they could have a material adverse effect on the Group's future results of operations and financial condition.

The contents of this "Cautionary note regarding forward-looking statements" section in no way seeks to qualify or negate the statement relating to the Group's working capital set out in paragraph 14 of Part X – "Additional Information".

## **PRESENTATION OF FINANCIAL INFORMATION**

Unless otherwise indicated, the historical and other financial information presented in this document has been derived from: (i) the unaudited consolidated financial statements of the Company, which comprise the consolidated statement of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows and the related notes to the consolidated financial statements, as of and for the 26 weeks ended 27 June 2020 incorporated by reference into this document (***H120 Interim Financial Statements***); and (ii) the audited consolidated financial statements of the Company, which comprise the consolidated statement of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows and the related notes to the consolidated financial statements, as of and for the 52 weeks ended 28 December 2019 incorporated by reference into this document (***FY19 Financial Statements***).

The H120 Interim Financial Statements and FY19 Financial Statements are presented in pounds sterling and have been prepared in accordance with IFRS as adopted by the European Union.

## **IFRS16 IMPLEMENTATION**

The Group adopted IFRS16 Leases in H120, the impact of which is summarised in Note 2 of the H120 Interim Financial Statements, which are incorporated by reference into this document. The Group has applied the cumulative catch-up ('modified') transition method and, as prescribed by the standard, comparators have not been updated.

## **PRO FORMA FINANCIAL INFORMATION**

In this document, any reference to "*pro forma*" financial information is to information which has been extracted without material adjustment from the unaudited *pro forma* statement of net assets of the Group contained in Section B of Part VIII – Unaudited *Pro Forma* Financial Information (the ***Unaudited Pro Forma*** Financial Information). The Unaudited *Pro Forma* Financial Information has been prepared to illustrate the effect of the Capital Raise on the net assets of the Group as if Capital Raise had taken place on 27 June 2020 (on the basis of the Minimum Participation Assumptions).

The Unaudited *Pro Forma* Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. The Unaudited *Pro Forma* Financial Information has been prepared on the basis set out in Part VIII – Unaudited *Pro Forma* Financial Information and in accordance with Annex 20 of the Prospectus Delegated Regulation and paragraph 13.3.3R of the Listing Rules.

## **ROUNDING**

Certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. Percentages in tables have been rounded and accordingly may not add up to 100%

## **CURRENCY INFORMATION**

Unless otherwise indicated, references in this document to "pound sterling", "GBP" or "£" are to the lawful currency of the United Kingdom, references to "euro" or "€" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended and references to "US Dollars", "dollars", "US\$" or "\$" are to the lawful currency of the United States of America.



## **NO PROFIT FORECAST**

No statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that earnings or earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share.

## **NOTICE TO INVESTORS IN THE UNITED STATES OF AMERICA**

Neither this document nor the Application Form constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, New Shares to any Shareholder with a registered address in, or who is resident of, the United States. If you are in the United States, you may not purchase or subscribe for New Shares offered hereby. The Open Offer Entitlements, Excess Open Offer Entitlements and New Shares being offered outside the United States are being offered in reliance on Regulation S.

Any envelope containing an Application Form and post-marked from the United States and any Application Form in which the exercising holder requests New Shares to be issued in registered form and gives an address in the United States will not be valid.

Any amounts paid in respect of Application Forms that do not meet the foregoing criteria will be returned without interest.

Any person in the United States who obtains a copy of this document and/or an Application Form is required to disregard this document and/or the Application Form.

## **OVERSEAS TERRITORIES**

Shareholders who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should refer to paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer.

## **NOTICE TO ALL SHAREHOLDERS**

Any reproduction or distribution of this document and/or an Application Form, in whole or in part, and any disclosure of its contents or use of any information contained in this document and/or an Application Form for any purpose other than considering an investment in the New Shares is prohibited. By accepting delivery of this document and, where applicable, an Application Form, each offeree of the New Shares agrees to the foregoing.

The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the Excluded Territories, please see Part III – Terms and Conditions of the Placing and Open Offer.

No action has been taken by the Company or the Sponsor that would permit an offer of New Shares or possession or distribution of this document, the Application Form or any other offering or publicity material in any of the Excluded Territories or in any other jurisdictions where the extension and availability of the Capital Raise would breach any applicable law.

## CAPITAL RAISE STATISTICS

Offer Price for each New Share .....	10 pence
Discount of Offer Price to the closing price on 23 October 2020 <sup>(1)</sup> .....	52.8%
Number of Existing Shares in issue at 13 November 2020 <sup>(2)</sup> .....	170,207,142
Basis of Open Offer.....	25 New Shares for every 12 Existing Shares
Maximum number of New Shares to be issued pursuant to the Placing and Open Offer .....	354,598,212
Number of New Shares to be issued pursuant to the Firm Placing .....	185,619,010
Maximum number of Shares expected to be in issue immediately following completion of the Capital Raise <sup>(4)</sup> .....	737,435,225
New Shares as a percentage of the expected Enlarged Share Capital of the Company immediately following completion of the Capital Raise <sup>(4)</sup> .....	76.9%
Firm Placed Shares as a percentage of the expected Enlarged Share Capital of the Company immediately following completion of the Capital Raise <sup>(4)</sup> .....	25.2%
New Shares which could be issued to HPS pursuant to any Warrant Exercise as a percentage of the expected Enlarged Share Capital of the Company immediately following completion of the Capital Raise <sup>(4)</sup> .....	3.7%
Estimated minimum net proceeds receivable by the Company from the Capital Raise after expenses <sup>(3)</sup> .....	£40.9 million
Estimated maximum net proceeds receivable by the Company from the Capital Raise after expenses <sup>(4)</sup> .....	£53.8 million
Estimated expenses in connection with the Capital Raise <sup>(5)</sup> .....	£2.9 million

**Notes:**

- (1) Being the last Business Day prior to the Announcement.
- (2) Being the latest practicable date prior to the date of this document.
- (3) Calculated on the basis of the Minimum Participation Assumptions.
- (4) Calculated on the basis of the Maximum Participation Assumptions.
- (5) Excluding VAT.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Capital Raise <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> .....	7.00 a.m. on 26 October 2020
<b>Record Date for entitlements under the Open Offer</b> .....	<b>close of business on 12 November 2020</b>
Publication and posting of this document, the notice of General Meeting, the Form of Proxy and the Application Form .....	16 November 2020
Ex-entitlement date for the Open Offer .....	8.00 a.m. on 17 November 2020
Open Offer Entitlements and Excess Open Offer Entitlements enabled in CREST and credited to stock accounts of Qualifying CREST Shareholders in CREST ..	18 November 2020
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST <sup>(4)</sup> .....	4.30 p.m. on 27 November 2020
Latest time and date for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST <sup>(5)</sup> .....	3.00 p.m. on 30 November 2020
Latest time and date for splitting of Application Forms (to satisfy bona fide market claims only) .....	3.00 p.m. on 1 December 2020
Latest time and date for electronic proxy appointments or receipt of form of proxy .....	11.00 a.m. on 2 December 2020
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)</b> .....	<b>11.00 a.m. on 3 December 2020</b>
Announcement of the results of the Open Offer through a Regulatory Information Service.....	7.00 a.m. on 4 December 2020
<b>General Meeting</b> .....	<b>11.00 a.m. on 4 December 2020</b>
Results of General Meeting and Placing announced through a Regulatory Information Service.....	4 December 2020
<b>Admission of, and dealings commence in, the New Shares on the Main Market</b> .....	<b>8.00 a.m. on 8 December 2020</b>
CREST members' accounts credited in respect of New Shares in uncertificated form.....	From 8.00 a.m. on 8 December 2020
Schedule 1 announcement of Delisting and application for AIM Admission .....	9 December 2020
Expected despatch of definitive share certificates for New Shares in certificated form.....	Within 14 days of Admission
Last day of dealings in the Shares on the Main Market .....	13 January 2021
Cancellation of listing of the Shares on the Official List.....	8.00 a.m. on 14 January 2021
AIM Admission and commencement of dealings in the Shares on AIM.....	8.00 a.m. on 14 January 2021

**Notes:**

- (1) The times and dates set out in this expected timetable and mentioned in this document, the Application Form and in any other document issued in connection with the Capital Raise are subject to change by the Company with the agreement of, in certain instances, the Sponsor, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, to Shareholders.
- (2) References to times in this document are to London time unless otherwise indicated.
- (3) The ability to participate in the Placing and Open Offer is subject to certain restrictions relating to Shareholders with registered addresses outside the United Kingdom, details of which are set out in paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer.
- (4) If your Open Offer Entitlements and Excess Open Offer Entitlements are in CREST and you wish to convert them to certificated form.
- (5) If your Open Offer Entitlements and Excess Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form.

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

### Board of Directors

The members of the Company's Board as at the date of this document are as set out in the table below.

Name	Position
Alan Peterson OBE .....	Non-Executive Chair
Steve Ashmore.....	Chief Executive Officer
Paul Quested.....	Chief Financial Officer
Thomas Sweet-Escott .....	Non-Executive Director
Amanda Burton .....	Independent Non-Executive Director
Doug Robertson.....	Independent Non-Executive Director

Each of the Directors' business address is the Company's registered office address at Oakland House, 76 Talbot Road, Old Trafford, Manchester M16 0PQ.

Telephone: +44 (0) 1481 742742

<b>Company Secretary:</b>	Daniel Joll
<b>Registered Office:</b>	Oakland House 76 Talbot Road Old Trafford Manchester M16 0PQ
<b>Sponsor:</b>	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
<b>Legal advisers to the Company as to English law:</b>	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
<b>Legal advisers to the Sponsor as to English law:</b>	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
<b>Auditor and Reporting Accountant:</b>	BDO LLP 55 Baker Street London WIU 7EU
<b>Registrar and Receiving Agent:</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## PART I – LETTER FROM THE CHAIRMAN OF HSS HIRE GROUP PLC

*Directors:*

Alan Peterson OBE  
Steve Ashmore  
Paul Quested  
Thomas Sweet-Escott  
Amanda Burton  
Doug Robertson

*Registered Office:*

Oakland House  
76 Talbot Road  
Old Trafford  
Manchester M16 0PQ

16 November 2020

*To holders of HSS Hire Group plc ordinary shares*

Dear Shareholder

**Proposed Placing and Open Offer of up to 354,598,212 New Shares  
and Firm Placing of 185,619,010 New Shares, both at 10 pence per New Share  
and Delisting and AIM Admission**

**Notice of General Meeting**

### **1. Introduction**

#### ***Capital Raise***

On 26 October 2020, the Company announced its intention to raise gross proceeds of up to £54 million by way of an Open Offer of up to 354,598,212 New Shares and a Firm Placing of 185,619,010 New Shares (together, the ***Capital Raise***).

Three of the Company's major shareholders have given irrevocable undertakings to subscribe for New Shares as part of the Capital Raise. Exponent has committed to subscribe for 150,000,000 New Shares under the Open Offer. Toscafund Asset Management LLP (***Toscafund***) and Ravenscroft (CI) Limited (***Ravenscroft***) have committed to subscribe for their pro-rata entitlement under the Open Offer, as a result of which Toscafund will subscribe for 95,441,812 New Shares and Ravenscroft will subscribe for 4,145,833 New Shares under the Open Offer. In addition, Toscafund and Ravenscroft have committed to subscribe for 39,764,843 New Shares and 145,854,167 New Shares, respectively, under the Firm Placing. As a result, the Company has received commitments from Toscafund, Ravenscroft and Exponent to invest in aggregate £43.5 million as part of the Capital Raise.

The Company has also received irrevocable undertakings from each of Exponent, Toscafund and Ravenscroft to vote in favour of the Resolutions to be proposed at the General Meeting. As at 13 November 2020 (being the latest practicable date prior to the publication of this document), Exponent held 85,681,708 Existing Shares (representing approximately 50.3% of the Existing Shares), Toscafund held 45,812,070 Existing Shares (representing approximately 26.9% of the Existing Shares), and Ravenscroft held 1,990,000 Existing Shares (representing approximately 1.2% of the Existing Shares). As a result, the Company has received commitments to vote in favour of the Resolutions to be proposed at the General Meeting from Shareholders representing approximately 78.4% in aggregate of the Existing Shares. The commitments from the three shareholders are subject to the conditions referred to below.

The aggregate number of New Shares that will be issued in connection with the Capital Raise if Shareholders take up the Open Offer Entitlements in full is 567,228,083 (representing approximately 76.9% of the Enlarged Share Capital) and calculated on the basis of the Maximum Participation Assumption and therefore assuming HPS chooses to exercise its rights under the HPS Warrants in full (as described further below).

Numis is acting as sponsor to the Company in connection with the Capital Raise.

#### ***Delisting and AIM Admission***

The Company also announced on 26 October 2020 its intention to cancel the admission of the Shares to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and the Company's intention to apply for the admission of all of its issued and to be issued Shares to trading on an alternative listing venue.

The Board believes that AIM is a market and environment which is more suited to the Company's current size and shareholder base. It is therefore intended that the Company will apply for the admission of all of its issued and to be issued Shares to trading on AIM with the Delisting and AIM Admission to take effect simultaneously.

Subject to Resolution 9 being passed at the General Meeting, it is expected that the effective date of the Delisting and AIM Admission will be 14 January 2021 and the Company's Enlarged Share Capital will be admitted to trading on AIM on or around 8.00 a.m. on 14 January 2021.

The Listing Rules require that if a company wishes to cancel the admission of its shares to listing on the Official List, it must seek the approval of: (i) the holders of not less than 75% of its ordinary shares in a general meeting voting in person or by proxy; and (ii) if the company has a controlling shareholder (being Exponent in respect of the Company), the holders of a majority of its ordinary shares in a general meeting voting in person or by proxy excluding those ordinary shares held by the controlling shareholder.

Accordingly, Resolution 9 is being proposed as a special resolution at the General Meeting to authorise the Board to cancel the admission of the listing of the Company's Shares on the Official List and to remove the Company's Shares from trading on the London Stock Exchange's main market for listed securities and to apply for AIM Admission in respect of the Company's Enlarged Share Capital. In order to be approved, the holders of not less than 75% of the Shares at the General Meeting voting in person or by proxy and the holders of a majority of the Shares at the General Meeting voting in person or by proxy excluding those Shares held by Exponent Shareholders must vote in favour of Resolution 9.

Numis is acting as nominated adviser to the Company in connection with AIM Admission.

### ***Purpose of document***

The purpose of this document is to explain the background to and reasons for the Capital Raise and the Delisting and AIM Admission, set out the terms and conditions of the Capital Raise and provide you with a Notice of General Meeting to be held in order to consider and, if thought fit, to pass the Resolutions required to authorise the Company to carry out the Proposals.

This document also explains why the Board considers that the Resolutions to be proposed at the General Meeting are in the best interests of Shareholders and why the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

## **2. Background to and reasons for the Capital Raise**

### ***Background to the Capital Raise***

The current Executive Directors joined HSS Hire between August 2016 and June 2017, and in August 2017 launched a detailed strategic review, the conclusion of which was announced in December 2017. The Group engaged an independent third party to work with management to undertake an extensive strategic review of the business. The review was wide ranging in scope and involved analysis of 20 million contract lines, more than 35,000 customers, 1,600 products and more than 240 locations. The Group focused on a number of areas including profitability, the cost of its operations, processes it has in place and the market opportunity.

Following this strategic review, the Group set out its new strategy in December 2017. This set out three key strategic priorities: de-lever the Group, repair the tool hire business and strengthen the Group's commercial proposition. These priorities remain unchanged following the COVID-19 pandemic, albeit with a nuance from *repair* the tool hire business, to *transform* the tool hire business, following a successful transformation programme in 2018.

HSS Hire has made considerable progress against these three core elements of its strategy. Since the 2017 strategic review, the Group has reduced its total leverage from 4.8x as at the end of FY17 to 2.8x as at the end of FY19 through improved Adjusted EBITDA, a continued focus on working capital management and the use of proceeds from the sale of UK Platforms Limited (**UKP**).

The Group returned its tool hire business to profitability in FY18 and in FY19 grew revenue ahead of the market, recording revenue growth of 3.9% and EBITA of £26.5 million. Furthermore, it significantly improved EBITA margins (growing from 0.5% in FY17 to 8.1% in FY19), delivered a marked improvement in return on capital employed (growing from 1.0% in FY17 to 20.8% in FY19) and achieved a second record year of Adjusted EBITDA on a comparable basis.

Lastly, the Group has significantly strengthened its commercial proposition and prioritised the investment in technology to transform the Group's digital offering and OneCall rehire proposition into a more scalable technology-led business with seamless customer experience. One of several successful digital initiatives was the launch of the new OneCall rehire platform, 'Brenda'. Brenda is a new, modern automated platform which has the ability to source hire equipment from the Group's extensive network of suppliers but significantly shortens the customer journey and provides superior visibility of the rehire process for customers, suppliers and colleagues alike. Combined with the launch of HSS Hire's customer and driver apps this investment is now enabling the Group to transform its operating model and remove significant fixed costs associated with its branch network whilst maintaining a national presence.

As part of the Group's new strategy, in June 2018 it put in place a Senior Financing Facility and a new Revolving Credit Facility. These facilities replaced the Group's existing revolving credit facility and listed bonds, each of which were due to mature in 2019. The Senior Financing Facility and the Revolving Credit Facility provided the liquidity and flexibility to continue the delivery of the Group's strategic priorities.

### ***Reasons for the Capital Raise***

The HSS Hire management team has made considerable progress in de-levering the Group. As at 27 June 2020, the Group's net debt (excluding the IFRS16 impact of £80.1 million of additional lease liabilities) stood at £156.7 million, a reduction of £22.8 million from 28 December 2019. This included a Senior Financing Facility fully drawn down at £182 million, and £17.2 million of drawings from the Group's Revolving Credit Facility. Both the Senior Financing Facility and Revolving Credit Facility are subject to a net debt leverage financial covenant test every quarter.

The COVID-19 pandemic has significantly impacted the Group's revenue in 2020. As a result, the Group implemented the following measures to manage costs and preserve liquidity:

- The Group has reduced capital expenditure and continues to adopt a disciplined approach to investment driven by demand and returns.
- The Group has engaged in overhead reduction, for total savings of approximately £12 million, and utilised the UK Government's Job Retention Scheme placing, at the highest point, 62% of the Group's workforce on furlough in March 2020 and receiving a total of approximately £9.6 million in aggregate in payments from the UK Government as part of the scheme between 25 April 2020 and 17 October 2020. Since then it has engaged in a significant restructuring and moved to a digital approach, including the following steps:
  - The Group has permanently shut 134 branches (and is in discussions with landlords regarding medium- and longer-term commitments for these branches), leaving around 120 remaining locations, including builders merchant concessions, providing national coverage; and
  - The Group has made 12% of its approximately 2,400 employees redundant as of October 2020.
- The Group has negotiated rental holidays with certain landlords and reduced the salaries of certain members of management for three months.
- The Group has also utilised a number of additional measures made available by the UK Government in response to the COVID-19 pandemic to help conserve cash, including:
  - making savings totalling approximately £3 million from relief or grants from local authorities in relation to business rates; and
  - deferring approximately £5.7 million in VAT liabilities due to HMRC in Q2 2020 to fall due in ten equal instalments between April 2021 and January 2022.

The Group's strategy and the actions taken by management to improve liquidity have enabled the Group to meet its debt covenants under its borrowing facilities to date. However, the current disruption caused by COVID-19 and consequential economic backdrop may last for a prolonged period. Without the Capital Raise, it is possible that the covenants may be breached when tested at the end of 2020. Consequently, if the Capital Raise does not successfully complete, the Group's lenders may be in a position to declare a default of the Group's debt, which could cause Shareholders to lose all or a substantial part of their investment in the Company.

The Directors believe that the Capital Raise will ensure a strong cash position and reduce net leverage, enabling the Group to continue with its strong progress and successfully execute its strategy. In particular, the Directors believe that HSS Hire is well placed to capitalise on its investment in technology. Since

March 2020, the Group has seen a 33% increase in online users and a significant shift in orders being placed through digital channels, from less than 10% to over 30% penetration. During the COVID-19 pandemic, the Group has operated with just 20% of its branch network open and yet has returned the business to over 90% of prior year revenues as at 30 September 2020. This has been enabled by the Group's technology (e.g. click-and-collect, digital channels), the strength of the Group's distribution network (40 Customer Distribution Centres) and successful trials of alternative sales models (such as virtual sales colleagues and concessions within builders merchant partners). The Board believes that these changes have the capacity to allow the Group to generate a similar level of revenues as in previous years while operating with a significant lower cost base, driving both profitability and returns on capital.

Alongside the benefits from its investment in technology, the Directors believe that the COVID-19 pandemic could accelerate an ongoing trend among customers to outsource their equipment needs and equipment management as many companies look to rationalise their head-office functions and focus on core activities. Furthermore, the Directors believe that within this outsourcing trend there is an increasing demand to rationalise the number of suppliers of rental equipment, which the Directors expect to inevitably benefit the larger players such as the Group. The Directors believe that the Group is particularly well positioned to take advantage of this, given the strength of its Services division offering, the "one-stop-shop" proposition of OneCall and the opportunities created by the Brenda technology platform to add bolt-on product verticals to this online marketplace. The Directors believe the Capital Raise will provide a sustainable capital structure alongside strong liquidity to allow HSS Hire to capitalise on the evolving industry dynamics and continue to grow the business. As part of the Capital Raise the Board is also reviewing the current management incentive plans.

### **3. Use of proceeds**

The Capital Raise is expected to raise a minimum of £43.8 million in gross proceeds and a minimum of approximately £40.9 million in net proceeds.

The Group intends to use the net proceeds of the Capital Raise to strengthen the balance sheet, which would support covenant compliance, and includes the repayment of the £15 million of debt falling due in January 2021 under the Senior Financing Facility in order to further deleverage. The Group intends to use the remaining net proceeds of the Capital Raise to continue investing in its technology platform to strengthen the Group's commercial proposition and to continue investing in its hire fleet to support the Group's tool hire business.

### **4. Financial impact of the Capital Raise**

Had the Capital Raise taken place as at the last balance sheet date, being 27 June 2020, the effect on the balance sheet would have been an increase in cash and cash equivalents of approximately £40.9 million based on the Minimum Participation Assumptions.

Your attention is also drawn to Part VIII – Unaudited *Pro Forma* Financial Information, which contains an unaudited *pro forma* statement of net assets that illustrates the effect of the Capital Raise on the Group's net assets as at 27 June 2020 as if the Capital Raise had been undertaken at that date.

### **5. Terms of the Capital Raise**

The Directors have given careful consideration as to how to structure the proposed issue of equity. Following consultation with three of the Company's major Shareholders, being Exponent, Toscafund and Ravenscroft, the Directors have concluded that the Placing and Open Offer and Firm Placing is the most suitable option available to the Company and its Shareholders at this time.

#### ***Firm Placing***

The Company is proposing to issue 185,619,010 New Shares in aggregate pursuant to the Firm Placing to Toscafund and Ravenscroft. The Firm Placed Shares are not to be offered first to Shareholders generally. The Firm Placed Shares represent 109.1% of the Existing Shares as at 13 November 2020 (being the latest practicable date prior to publication of this document) and are not subject to clawback under, nor do they form part of, the Placing and Open Offer. The Firm Placing is expected to raise approximately £18.6 million in gross proceeds.

The Firm Placing is conditional upon:

- (a) Shareholder approval of the Resolutions at the General Meeting;



- (b) Admission occurring no later than 8.00 a.m. on 31 January 2021;
- (c) the gross proceeds of the Capital Raise being no less than £43.5 million; and
- (d) no insolvency event having occurred or event of default having been declared pursuant to the Senior Financing Facility, in each case in relation to the relevant members of the Group.

### ***Placing and Open Offer***

The Company is proposing to raise up to £35.5 million in gross proceeds (approximately £32.6 million net of the total estimated commissions, fees and expenses payable in connection with the Capital Raise) by way of a Placing and Open Offer of up to 354,598,212 New Shares, representing 48.1% of the Enlarged Share Capital of the Company immediately following completion of the Capital Raise (assuming the Maximum Participation Assumptions).

The Offer Price in respect of both the Firm Placing and the Placing and Open Offer will be 10 pence per New Share. The Offer Price of 10 pence per New Share represents a 52.8% discount to the closing price of 21.2 pence on 23 October 2020, being the last Business Day prior to the Announcement. In setting the Offer Price, the Directors have considered the process by which the New Shares need to be offered to investors to ensure the success of the Capital Raise and raise a significant level of equity compared to the market capitalisation of the Company. The Directors believe that both the Offer Price and the discount are appropriate.

As set out above, Exponent has committed to subscribe for 150,000,000 New Shares under the Open Offer. Toscafund and Ravenscroft have each committed to subscribe for their pro-rata entitlement under the Open Offer meaning Toscafund will subscribe for 95,441,812 New Shares and Ravenscroft will subscribe for 4,145,833 New Shares under the Open Offer.

Each of the commitments to subscribe for New Shares from Exponent, Toscafund and Ravenscroft are conditional upon:

- (a) Shareholder approval of the Resolutions at the General Meeting;
- (b) Admission occurring no later than 8.00 a.m. on 31 January 2021;
- (c) the gross proceeds of the Capital Raise being no less than £43.5 million; and
- (d) no insolvency event having occurred or event of default having been declared pursuant to the Senior Financing Facility, in each case in relation to the relevant members of the Group.

In line with the Group's strategy to become a more agile, digitally-led business, and following the changes in customer behaviours witnessed during the COVID-19 pandemic, the Group has permanently shut 134 branches in 2020, for which the Group made provisions on 7 October 2020 (***Dark Store Liabilities***). As referred to in the Announcement, it was a condition of one of the Commitment Letters that the Group achieve a reduction of at least 75% in its Dark Store Liabilities. Discussions with landlords are currently ongoing; however, this condition has been waived, and as a result this condition is no longer outstanding.

In addition, Toscafund's and Ravenscroft's commitments are conditional on Exponent subscribing for 150,000,000 Open Offer Shares at the Offer Price.

The Company has received irrevocable undertakings from each of Exponent, Toscafund and Ravenscroft (who together represent approximately 78.4% of the Existing Shares) to vote in favour of the Resolutions to be proposed at the General Meeting. These undertakings are not subject to the conditions listed above.

Subject to the waiver or satisfaction of the conditions and the Sponsor and Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer may be issued to Placees procured by the Sponsor.

The Open Offer Shares have not been conditionally placed with Placees. Therefore, if the Open Offer is taken up in full by Qualifying Shareholders, Firm Placees will receive their placing participation in full but no New Shares will be issued to Placees.

The Placing is conditional upon the Open Offer proceeding, but the Placing is not underwritten and so it is a term of the Placing and Open Offer that all New Shares validly taken up by Qualifying Shareholders under the Open Offer and all New Shares placed to Placees under the Placing may be allotted to such acquirers in the event that not all Open Offer Shares are taken up or placed. Exponent, Toscafund and Ravenscroft have given firm commitments to subscribe for Open Offer Shares and, in the case of Toscafund and Ravenscroft, Firm Placing Shares as set out above. For the purposes of section 578 of the Companies

Act, if the Open Offer is not subscribed for in full, the New Shares subscribed for in the Open Offer, or otherwise, may still be allotted in any event.

#### *Open Offer Entitlements*

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder is being given an opportunity to apply for New Shares at the Offer Price (payable in full and free of all expenses) on the following *pro rata* basis:

#### **25 New Shares at 10 pence per New Share for every 12 Existing Shares**

held and registered in their name at the Record Date and so in proportion to any other number of Existing Shares then held, rounded down to the nearest whole number of New Shares.

Qualifying Non-CREST Shareholders will have received an Application Form with this document which sets out their basic entitlement to New Shares as shown by the number of Open Offer Entitlements offered to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 8 December 2020. Qualifying Shareholders with holdings of Existing Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer.

Further information on the Placing and Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part III – Terms and Conditions of the Placing and Open Offer of this document and, where relevant, in the Application Form.

#### *Excess Application Facility*

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. New Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer (including the Excess Application Facility) may be allocated to Placees through the Placing, with the proceeds of the Placing (net of the Sponsor's fees, commission and expenses) accruing for the benefit of the Company.

The attention of Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the United Kingdom is drawn to paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer of this document, which forms part of the terms and conditions of the Open Offer. In particular, non-Qualifying Shareholders will not be sent this document or the Application Form.

The Placing and Open Offer is conditional upon:

- (a) Shareholder approval of the Resolutions at the General Meeting;
- (b) the Commitment Letters having become or been declared unconditional in all respects, other than Admission, prior to Admission of the New Shares; and
- (c) Admission of the New Shares becoming effective by not later than 8.00 a.m. on 31 January 2021.

Accordingly, if any such conditions are not satisfied or, if applicable, waived, the Placing and Open Offer will not proceed and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

The results of the Open Offer are expected to be announced on or around 4 December 2020 and the results of the Placing (in the event that not all Open Offer Shares are taken up by Qualifying Shareholders) are expected to be announced on or around 4 December 2020.

### *HPS warrant instruments*

Under the terms of the warrant instrument issued to various affiliates of HPS Investment Partners (**HPS**) on 20 June 2018 (the **HPS Warrants**), HPS has the right to subscribe for a number of Shares representing 5% of the New Shares that will be issued under the Capital Raise, on the same terms as such New Shares are issued. As a result, HPS has the right to subscribe for up to 27,010,861 New Shares in connection with the Capital Raise (representing approximately 3.7% of the Enlarged Share Capital on the basis of the Maximum Participation Assumptions) at an issue price of 10 pence per Share (the **Warrant Exercise**).

Should HPS choose to exercise such rights, the relevant New Shares would be issued simultaneously with the New Shares to be issued pursuant to the Capital Raise. The Resolutions proposed in the Notice of General Meeting would, if approved, provide the Directors with sufficient authority to issue a sufficient number of New Shares to HPS in connection with any Warrant Exercise.

### **Admission of New Shares**

The New Shares issued in connection with the Capital Raise will rank *pari passu* in all respects with the Existing Shares, including the right to receive dividends and other distributions made, paid or declared in respect of the ordinary share capital of the Company after the respective dates of issue of the New Shares.

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 8 December 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

Some questions and answers, together with details of further terms and conditions of the Capital Raise, are set out in Part II – Some Questions and Answers about the Open Offer and Firm Placing and Part III – Terms and Conditions of the Placing and Open Offer of this document and where relevant will also be set out in the Application Form.

Overseas Shareholders should refer to paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer of this document for further information on their ability to participate in the Capital Raise.

## **6. Dilutive impact of the Capital Raise**

In the event that: (i) the Open Offer Entitlements are taken up in full by the Shareholders or Placees are procured for those Open Offer Shares not taken up; (ii) Toscafund and Ravenscroft subscribe for New Shares under the Firm Placing in accordance with the Commitment Letters; and (iii) HPS chooses to exercise its rights under the HPS Warrants to subscribe for New Shares in full, Shareholders would be diluted by 28.8%. In the event that HPS does not choose to exercise its rights under the HPS Warrants but the other assumptions remain valid, Shareholders would be diluted by 26.1%.

In the event that: (i) no Open Offer Entitlements are taken up by Shareholders other than Exponent, Toscafund and Ravenscroft or by Placees in the Placing; (ii) Exponent, Toscafund and Ravenscroft subscribe for New Shares under the Open Offer and Firm Placing in accordance with the Commitment Letters; (iii) no Placees are procured for those Open Offer Shares not taken up; (iv) each Director participates in full in the Open Offer in respect of the New Shares to which they are entitled; and (v) HPS chooses not to exercise its rights under the HPS Warrants to subscribe for New Shares, Shareholders would be diluted by 72.0%. In the event that HPS exercises its rights under the HPS Warrants in full but the other assumptions remain valid, Shareholders would be diluted by 73.0%.

## **7. Related party transaction**

As Toscafund holds 26.9% of the Company's issued share capital (as at 13 November 2020 (being the latest practicable date prior to the publication of this document)), it is a related party for the purposes of the Listing Rules. The Firm Placing to Toscafund will therefore constitute a related party transaction for the purposes of the Listing Rules and will need to be approved at the General Meeting by the independent Shareholders (being Shareholders other than Toscafund or any of its associates). Accordingly, Resolution 8 is included in the Notice of General Meeting which seeks the approval of Shareholders (other than Toscafund and any of its associates) in respect of the Firm Placing to Toscafund.

## 8. Delisting and AIM Admission

The Board believes that, given the size of the Company, AIM is a more appropriate market for the Company than the Main Market and a move to AIM is in the best interests of the Company and its Shareholders. AIM has the benefit of lower annual costs and simpler administration and regulatory requirements more appropriate to a company of the Company's size and also provides more flexibility in relation to corporate transactions should such opportunities or initiatives arise or become relevant to the Group in the future. Certain shareholders may also benefit from particular inheritance tax or other tax reliefs in respect of their interests in the Company's Ordinary Shares which are not afforded to shares that are listed, and stamp duty and SDRT exemptions would also be expected to be available.

HSS Hire's current free float stands at approximately 13.75% and has been broadly unchanged for several years. As previously disclosed, the Company has been in dialogue with the FCA for some time and agreed a modification of Listing Rule 9.2.15R to allow for a minimum of 13.75% of the Company's shares to be held in public hands, which would otherwise require a free float of at least 25%. The current modification expires on 20 August 2021. Following the Capital Raise, the Company's free float will be below 25%. Whilst a company's appropriateness for AIM is, in part, dependent on it having sufficient free float in order that there is a properly functioning market in the shares, there is no specific requirement for a minimum number of shares in an AIM quoted company to be held in public hands.

Each of the other Proposals in this document is conditional on the Delisting and AIM Admission being approved by Shareholders. Accordingly, if Resolution 9 is not passed the other Proposals would not proceed and the Company's Shares would remain admitted to the Main Market.

However, the Delisting and AIM Admission is not conditional on the passing of the other Proposals. In the event that the Resolutions relating to the Capital Raise were not approved or the relevant steps did not occur, the Delisting and AIM Admission could still occur (subject to Shareholder approval and meeting the admission requirements of AIM).

Further details of the consequences of the Delisting and AIM Admission are set out in Part IV – Information on Delisting and AIM Admission of this document.

## 9. Arrangements following Capital Raise and AIM Admission

Following completion of the Capital Raise, Ravensworth International Limited (*Ravensworth*) (on whose behalf Ravenscroft is participating in the Capital Raise) will have the right to appoint an observer to the Board, who will be able to attend Board meetings 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.

Following completion of the Capital Raise, Ravensworth will have the right to direct Exponent to exercise the voting rights attaching to such number of Shares held by Exponent as would be required to increase the number of Shares that Ravensworth is able to vote to 25.1% of the Company's total issued share capital (the *Top Up Shares*). This arrangement will terminate in the event that Ravensworth (including its parent entity Pectan Holdings Limited and any funds managed or advised by Ravensworth, or acting on Ravensworth's instructions, including Ravenscroft): (a) holds 25.1% or more of the Company's issued share capital; (b) disposes of any shares in the Company or (c) has its shareholding as at completion of the Capital Raise diluted by four percentage points or more as a result of subsequent issues of shares by the Company.

This arrangement does not affect Exponent's other rights as holder of the Top Up Shares (that is, all rights which do not relate to voting).

Following AIM Admission, it is expected that the Exponent Shareholders will continue to hold over 30% of the voting rights attached to the issued share capital of the Company.

It is intended that following the Delisting and AIM Admission the Company will enter into a new relationship agreement with Exponent and the Exponent Shareholders (the *New Relationship Agreement*) which is expected to be on substantially the same terms as the existing relationship agreement which was entered into on 22 January 2015, save for such amendments as are necessary to reflect that following AIM Admission, the Company will be subject to the AIM Rules and no longer subject to the Listing Rules.

The terms have not yet been finalised but like the existing relationship agreement, the New Relationship Agreement will regulate the ongoing relationship between the Company, Exponent and the Exponent Shareholders. The principal purpose of the New Relationship Agreement will be to ensure that the Company and its subsidiaries are capable of carrying on their business independently of Exponent and the Exponent

Shareholders, that transactions and relationships with Exponent and the Exponent Shareholders (including any transactions and relationships with any member of the Group) are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained. In addition, it is expected that the New Relationship Agreement will contain undertakings from Exponent and the Exponent Shareholders that neither it nor they will: (i) take any action that would have the effect of preventing the Company from complying with its obligations under the AIM Rules or (ii) propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the AIM Rules.

It is also expected that under the New Relationship Agreement, Exponent will continue to be able to appoint a Non-executive Director to the Board and be granted a Board observer right. It is expected that the New Relationship Agreement will remain in place until the earlier of (i) the Shares ceasing to be held on a recognised investment exchange (being an investment exchange recognised by the Financial Conduct Authority under Part XVIII of the Financial Services and Markets Act 2000) for a continuous period of five Business Days; or (ii) Exponent and the Exponent Shareholders ceasing to control 10% of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Directors believe that the terms of the New Relationship Agreement will enable the Group to carry on its business independently of Exponent and the Exponent Shareholders and ensure that all transactions and relationships between the Company and/or members of the Group (on the one hand) and Exponent and the Exponent Shareholders (on the other) are, and will be, on arm's length terms and on a normal commercial basis.

#### **10. Intentions of the Directors**

Except for Tom Sweet-Escott, whose interests in the Company are held through Exponent, the Directors, who hold in aggregate 1,290,108 Existing Shares, representing approximately 0.8% of the Company's existing issued ordinary share capital as at 13 November 2020 (being the latest practicable date prior to the publication of this document), has each (i) committed to participate in full in the Open Offer in respect of the New Shares to which they are entitled and (ii) given written irrevocable undertakings to vote their Existing Shares in favour of the Resolutions. Where their shares are held in trust or with nominees, such Directors intend to recommend that such New Shares be applied for in full.

#### **11. Irrevocable undertakings**

The Company has received irrevocable undertakings from each of Exponent, Toscafund and Ravenscroft to vote in favour of the Resolutions to be proposed at the General Meeting. As at 13 November 2020 (being the latest practicable date prior to the publication of this document), Exponent held 85,681,708 Existing Shares (representing approximately 50.3% of the Existing Shares), Toscafund held 45,812,070 Existing Shares (representing approximately 26.9% of the Existing Shares), and Ravenscroft held 1,990,000 Existing Shares (representing approximately 1.2% of the Existing Shares). As a result, the Company has received commitments to vote in favour of the Resolutions to be proposed at the General Meeting from Shareholders representing approximately 78.4% of the Existing Shares.

#### **12. Current trading and prospects in respect of the Group**

The following statement does not constitute a profit forecast and, given the current uncertainties regarding the COVID-19 pandemic, the Company withdrew all previous guidance provided in respect of the Group's financial performance.

Since H120, the Group's performance has continued to improve with revenue recovering from approximately 50% of FY19 levels in April 2020, to 63% of FY19 levels in the second quarter of FY20 to above 90% by the end of September. Performance in the subsequent six week period has continued this momentum. Improving revenue trends and continued cost control have enabled the Group to return Adjusted EBITDA to pre-COVID-19 levels in September and maintain liquidity above £60 million and meet the September covenant test with headroom of 0.6x. The next stage of the Group's strategy, the restructuring of its operating model, was completed in October 2020 with the announcement of the permanent closure of 134 branches (which have an average length of 2.39 years) and the finalisation of the consultation process resulting in approximately 300 employees being made redundant. Discussions with landlords are ongoing regarding amounts owed under the leases for the branches to be closed (**Dark Store Liabilities**). The Directors are encouraged by the progress of these discussions and confirm that the Group is on track to achieve a reduction of at least 75% in its Dark Store Liabilities in the coming months, the benefits of which

are expected to impact the outer years of the lease terms. As at the date of this document, agreements in principle have been reached on approximately 57% of the 134 closed branches, subject to documentation.

Given the COVID-19 situation is likely to remain uncertain for some time, the Board continues to consider it prudent not to provide market guidance in the near-term.

### **13. Dividends and dividend policy**

While the Board recognises the importance of dividends to Shareholders, in recent years the Directors have been committed to delivering HSS Hire's strategic priorities. These include reducing the Group's net debt. The Senior Financing Facility also contains certain restrictions on the Group in respect of paying dividends if the Group's net debt leverage ratio is at or exceeds 2.5x. Beyond dealing with the immediate priorities of responding to COVID-19, the Board remains firmly focused on reducing net debt in line with the Group's strategy. As such, the Board believes that the interests of the Shareholders are best served by the Company not paying a dividend until the Group's net debt leverage ratio falls below 2.5x at the earliest.

### **14. General Meeting and Resolutions**

You will find set out at the end of this document a notice convening a general meeting of the Company to be held at 11.00 a.m. on 4 December 2020 at Hilton Garden Inn, Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ. In light of the ongoing COVID-19 pandemic, the board regrets that for as long as the UK Government's restrictions on public gatherings remain in place, members are not permitted to attend the General Meeting in person. Members will be able to listen to the business of the meeting via a telephone dial-in when answers to questions received in advance will also be provided by the Chairman. This general meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions. A summary and explanation of the Resolutions is set out below, but please note that this does not contain the full text of the Resolutions and you should read this section in conjunction with the Resolutions in the Notice of General Meeting at the end of this document.

The Directors take the well-being of the Company's employees, customers and shareholders very seriously. The UK Government's lockdown measures to deal with the COVID-19 crisis remain in place as at the latest practicable date prior to the publication of this document and include a prohibition on public gatherings. The Group therefore regrets that it will not be possible for shareholders to attend the General Meeting in person.

There will be only limited Company representation at the meeting and the Company's advisers have also been asked not to attend. In order to comply with relevant legal requirements, the General Meeting will be convened with the minimum necessary quorum of two shareholders. This will be facilitated by the Company.

**The Group therefore strongly encourages shareholders to vote on all Resolutions in advance of the General Meeting by completing their proxy forms. Shareholders should appoint the Chairman of the meeting (and not any named individual) to act as their proxy, otherwise their votes will be incapable of being cast.**

Details on how to submit proxy forms are set out in paragraph 18 of this Part I. The Board will continue to keep Government guidance under review and may, if necessary, make further changes to the arrangements for the General Meeting. Further announcements and information will be provided as required and shareholders should continue to monitor the Company's website at [www.hsshiregroup.com](http://www.hsshiregroup.com).

**For the avoidance of doubt, it will not be possible to vote in person at the General Meeting.**

#### ***Resolutions 1 and 2 – Directors' authority to issue the New Shares***

The Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders.

Resolution 1 authorises the Directors to issue up to 540,217,222 Shares pursuant to the Capital Raise and 27,010,861 Shares in connection with any Warrant Exercise, which is in aggregate equal to approximately 333.3% of the nominal value of the Existing Shares as at 13 November 2020 (being the latest practicable date prior to publication of this document). Such authority shall expire at the close of the next annual general meeting of the Company after the date on which the resolution is passed. The authority granted under Resolution 1 is in addition to the authority to issue Shares which is granted by Resolution 2.

The authority conferred on the Directors at this year's AGM under section 551 of the Act to allot shares was based on the number of Shares issued by the Company at such time. Resolution 2 seeks to grant a new authority under section 551 of the Act to authorise the directors to allot Shares in the Company or grant rights to subscribe for, or convert any security into, Shares in the Company by reference to the Enlarged Share Capital, and will expire at the conclusion of the next AGM of the Company in 2021 or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed). Paragraph (a)(i)(A) of Resolution 2 will, if passed, authorise the Directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £2,027,005.06, which has been calculated on the basis of the Minimum Participation Assumptions and represents approximately one-third of the Company's Enlarged Share Capital. Paragraph (a)(i)(B) of Resolution 2 authorises the Directors to allot, including the shares referred to in (a)(i)(A), further of the Company's unissued shares up to an aggregate nominal amount of £4,054,010.13, which has been calculated on the basis of the Minimum Participation Assumptions, in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This amount represents approximately two-thirds of the Company's Enlarged Share Capital. Both paragraphs (a)(i)(A) and (a)(i)(B) are in accordance with the latest guidelines published by the Investment Association. This authority will expire at the conclusion of the AGM of the Company next year or, if earlier, at the close of business on the date that is 15 months after the date this Resolution is passed). The Board considers it is prudent to maintain the flexibility that this authority provides and intends to renew the authority annually.

The Company holds no treasury shares as at 13 November 2020 (being the latest practicable date prior to the publication of this document). The Company has no present intention of exercising the authority referred to in Resolution 2; however, if they do so, the Directors intend to follow emerging best practices as regards its use as recommended by the Investment Association.

#### ***Resolutions 3, 4 and 5 – Disapplication of pre-emption rights***

Under section 561(1) of the Act, if the directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, or sell treasury shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the directors need the flexibility to issue shares for cash without making a pre-emptive offer to existing shareholders, which is permitted under the Act if the shareholders have first waived their pre-emption rights by special resolution.

Resolution 3 authorises the Directors to issue Shares pursuant to the Capital Raise and any Warrant Exercise without first offering them to existing Shareholders in proportion to their existing shareholdings up to an aggregate nominal amount of £5,672,280.83 (representing 567,228,083 Shares). This represents approximately 333.3% of the nominal value of the Existing Shares as at 13 November 2020 (being the latest practicable date prior to the publication of this document).

The authorities conferred on the Directors at this year's AGM under sections 570 and 573 of the Act to allot shares were based on the number of Shares issued by the Company at such time. Resolution 4 and Resolution 5 ask shareholders to grant these limited waivers by reference to the Company's Enlarged Share Capital and are in addition to Resolution 3.

Resolution 4 contains a two-part waiver. The first is limited to the allotment of shares for cash up to an aggregate nominal value of £304,050.76 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents approximately 5% of the Company's Enlarged Share Capital. The second is limited to the allotment of Shares for cash in connection with a rights issue to allow the directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to Overseas Shareholders.

The Board intends to adhere to the provisions in the Statement of Principles most recently published by the Pre-Emption Group prior to the date of this document, and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 4 either:

- (i) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company excluding treasury shares in any one year; or
- (ii) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company, excluding treasury shares within a rolling three-year period, without prior consultation with shareholders,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The waiver granted by Resolution 5 is in addition to the waiver granted by Resolution 3 and Resolution 4. It is limited to the allotment of shares for cash up to an aggregate nominal value of £304,050.76 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which represents a further 5% (approximately) of the Company's Enlarged Share Capital. This further waiver may only be used for an allotment of shares for cash for the purposes of financing (or refinancing, if the waiver is used within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles.

The Directors have no present intention to avail of the authorities set out in Resolution 4 and Resolution 5, however the Board considers that it is in the best interests of the Company and its shareholders generally that the Company should seek the maximum authorities permitted by the Pre-Emption Group's Statement of Principles and have the flexibility to raise capital quickly and easily in order to finance business opportunities when they arise in line with the Company's strategy.

Shareholders should note that these Resolutions also relate to treasury shares.

If the Resolutions are passed, the waivers will expire at the conclusion of the AGM of the Company to be held in 2021 (or, if earlier, at the close of business on the date that is 15 months after the date this Resolution is passed). The Company's directors intend to renew this authority annually.

#### ***Resolution 6 – Discount of greater than 10% to middle market price of the Shares***

Resolution 6 authorises the Directors to issue up to 567,228,083 Shares in connection with the Capital Raise and any Warrant Exercise at the Offer Price, which represents a discount of 52.8% to the middle market price of the Company's Shares as at 23 October 2020 (being the last Business Day prior to the Announcement). This Resolution is required under Listing Rule 9.5.10(3)(a) to approve the issue of the New Shares at a discount in excess of 10% to the middle market price of the Shares as at 23 October 2020 (being the last Business Day prior to the Announcement). The Offer Price has been set, following discussions with major Shareholders, at the level which the Directors consider necessary to ensure the success of the Capital Raise and thereby raise a significant level of equity compared to the market capitalisation of the Company. The Directors believe that both the Offer Price and the discount are appropriate.

#### ***Resolution 7 – Implementation of Capital Raise***

Resolution 7 authorises the Directors to implement the Capital Raise and any Warrant Exercise.

#### ***Resolution 8 – Related Party Transaction***

Resolution 8 approves the Firm Placing to Toscafund as this constitutes a related party transaction for the purposes of the Listing Rules and therefore requires approval at the General Meeting by the independent Shareholders (being Shareholders other than Toscafund or any of its associates). Toscafund is not entitled to vote and it (and any of its associates) has undertaken to abstain from voting in respect of any Shares it has control over in respect of Resolution 8.

#### ***Resolution 9 – Delisting and AIM Admission***

Resolution 9 is proposed as a special resolution to authorise the Directors to cancel the admission of the Shares to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and to apply for the admission of all of the Company's issued and to be issued Shares to trading on AIM, such cancellations and admission to take effect simultaneously.

Resolutions 1, 2, 6, and 7 are ordinary resolutions and will pass if a simple majority of the votes cast (either in person or by proxy) are in favour. Resolution 8 is an ordinary resolution and will pass if a simple majority of the votes cast (either in person or by proxy) by the independent Shareholders (being Shareholders other than Toscafund or any of its associates) are in favour.

Resolutions 3, 4, and 5 are special resolutions and will pass if not less than 75% of the votes cast (either in person or by proxy) are in favour. Resolution 9 is also a special resolution and will pass if not less than 75% of the votes cast (either in person or by proxy) are in favour and a majority of the votes cast (either in person or by proxy) excluding those cast by Exponent are in favour.



Other than Resolution 9, each of the Resolutions is conditional on all of the other Resolutions, being passed because (i) all of the Resolutions are required to be passed in order for the Capital Raise to complete successfully and (ii) certain of the Resolutions, if passed, would not be effective to complete the Capital Raise unless certain other Resolutions are passed. Resolution 9 is not conditional on any other Resolution being passed because the Directors believe the Delisting and AIM Admission is in the best interests of the Company and its Shareholders whether or not the Capital Raise completes successfully (subject to meeting the admission requirements of AIM).

Voting on the Resolutions will be conducted by way of a poll, rather than on a show of hands.

#### **15. Overseas Shareholders**

The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document, an Application Form and any other document in relation to the Capital Raise to such persons, is drawn to the information which appears in paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer of this document. In particular, subject to certain exceptions, the Open Offer is not being made to Shareholders in the United States or into any other Excluded Territory.

Neither this document nor an Application Form will be sent to Shareholders with registered addresses, or who are resident or located, in an Excluded Territory or, subject to certain exceptions, the United States, nor will the CREST stock account of Shareholders with registered addresses, or who are resident or located, in an Excluded Territory, or, subject to certain exceptions, the United States, be credited with Open Offer Entitlements or Excess Open Offer Entitlements. Any person with a registered address, or who is resident or located, in the United States or any other Excluded Territory who obtains a copy of this document or an Application Form is required to disregard them, except with the consent of the Company.

Notwithstanding any other provision of this document or the Application Form, the terms of the Capital Raise relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

In addition, Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to purchase or subscribe for New Shares.

#### **16. Taxation**

Your attention is drawn to Part IX – Taxation of this document. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

#### **17. Share Schemes**

Outstanding options and awards granted under the Share Schemes may be adjusted in accordance with the rules of the relevant Share Scheme for any effect that the Capital Raise may have on those options and awards. Participants in the Share Schemes will be contacted separately with further information on their rights and how their options and awards will be affected by the Capital Raise.

#### **18. Actions to be taken**

You can register the appointment of a proxy or proxies, or voting instructions for the General Meeting, electronically by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need to use your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. Full details of the procedure are given on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk). The proxy appointment and/or voting instructions must be received by EQ by 11.00 a.m. on 2 December 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Please note that any electronic communication sent to the Company or EQ that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the General Meeting is governed by EQ's conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), which may be read by logging on to that site.

If you hold Existing Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the Notice of General Meeting at the end of this document on page 135.

**The Board is keen to ensure that Shareholders are able to exercise their right to vote and, accordingly, strongly encourage shareholders to vote on all Resolutions in advance of the General Meeting by completing their proxy forms. Shareholders should appoint the Chairman of the meeting (and not any named individual) to act as their proxy, otherwise their votes will be incapable of being cast.**

**For the avoidance of doubt, it will not be possible to vote in person at the General Meeting.**

If you are a Qualifying Non-CREST Shareholder, an Application Form will be despatched to you giving you details of your Open Offer Entitlements and Excess Open Offer Entitlements by post on or about 16 November 2020. If you are a Qualifying CREST Shareholder, you will not be sent an Application Form. Instead, you will receive a credit to your appropriate stock accounts in CREST in respect of Open Offer Entitlements and Excess Open Offer Entitlements, which it is expected will take place as soon as practicable after 8.00 a.m. on 18 November 2020.

If you sell or have sold or otherwise transferred all of your Shares held (other than ex-entitlement) in certificated form before 8.00 a.m. on 17 November 2020, please forward this document and any Application Form, if and when received, at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States and the other Excluded Territories.

If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-entitlement) held in certificated form before the Ex-Entitlement Date, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

If you sell or have sold or otherwise transferred all or some of your Shares (other than ex-entitlement) held in uncertificated form before the Ex-Entitlement Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements to the purchaser or transferee.

**The latest time and date for acceptance and payment in full in respect of the Capital Raise is expected to be 11.00 a.m. on 3 December 2020, unless otherwise announced by the Company. The procedure for acceptance and payment is set out in Part III – Terms and Conditions of the Placing and Open Offer of this document and, if applicable, in the Application Form.**

For Qualifying Non-CREST Shareholders who purchase New Shares, such New Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched by no later than 17 December 2020 to the registered address of the person(s) entitled to them.

For Qualifying CREST Shareholders who purchase New Shares, the Receiving Agent will instruct CREST to credit the stock accounts of the Qualifying CREST Shareholders with such New Shares. It is expected that this will take place as soon as practicable after 8.00 a.m. on 8 December 2020.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document and the Capital Raise.

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA or, if you are outside the United Kingdom, by another appropriately authorised independent financial adviser.

## **19. Further information**

Your attention is drawn to the further information set out in Part II – Some Questions and Answers about the Placing and Open Offer and Firm Placing to Part XII – Definitions and Glossary (inclusive) of this document. Shareholders should read the whole of this document and not rely solely on the information set out in this letter. In addition, you should consider the Risk Factors starting on page 14 of this document.

## **20. Importance of your vote**

**Your attention is again drawn to the fact that the Capital Raise is conditional and dependent upon, amongst other things, the Resolutions being passed at the General Meeting.**

Shareholders are asked to vote in favour of the Resolutions at the General Meeting in order for the Capital Raise and Delisting and AIM Admission to proceed.

The Directors believe that successful completion of the Capital Raise is required to:

- (a) fund the Group's short-term working capital requirements;
- (b) avoid certain debt covenant defaults at the next testing date (being 31 December 2020 with the relevant compliance certificate to be issued by 14 February 2021) under the Senior Financing Facility and Revolving Credit Facility; and
- (c) allow the Group to survive the short-term difficulties through the current COVID-19 crisis whilst positioning the Group to deliver its medium-term growth strategies.

If the Capital Raise does not successfully complete, the Group may, depending on the Group's trading performance prior to the next testing date, breach its net leverage covenants under the Senior Financing Facility and the Revolving Credit Facility. The next testing date in respect of these covenants is 31 December 2020, with a compliance certificate due by 14 February 2021. Both facilities include a 20 business day cure period following delivery of the compliance certificate (the *Cure Period*). If a breach occurred and was not remedied within that period, the Group's lenders would be able to declare a default on the debts owed to them by the Group. This would mean that all of the amounts outstanding under the Senior Financing Facility and Revolving Credit Facility, which, as at the date of this document was £182 million and £17.2 million, respectively, could become immediately repayable and the Group's lenders could enforce the security they hold over the Group's assets. The Directors have carefully considered the mitigating actions which could be taken, both in respect of avoiding a breach of the covenants and remedying a breach of the covenants if this were to occur. These include (i) a refinancing or a reset or waiver of covenants or (ii) a disposal of assets. The Directors have determined that these actions would not be achievable in the required timeframe and there would be material risks associated with each option, including the need to obtain agreement from the Group's lender or third parties which may not be forthcoming. Therefore, the Directors have determined that the Group would be unlikely to obtain the funds necessary to pay all due amounts should a breach occur.

Other than Resolution 9, each of the Resolutions is conditional on all of the other Resolutions being passed. If Resolution 9 is passed but any of the other Resolutions are not passed, the Directors intend to proceed with the Delisting and AIM Admission (subject to meeting the admission requirements of AIM). Conversely, if Resolution 9 is not passed, the Capital Raise will not proceed. In addition, if Resolution 9 is not passed, the Company would continue to be listed on the Official List and traded on the Main Market. Absent successfully taking any mitigating actions such as obtaining a further approval from the FCA for the modification of Listing Rule 9.2.15R, the Company's free float would remain below the level required under the Listing Rules. This could ultimately lead to the Company's Shares ceasing to be listed on the Official List and traded on the Main Market, without an alternate listing being obtained, if, for example, the FCA were to cancel the Company's listing in the event that the Company's free float remained below the level required under the Listing Rules and failed to obtain further approval from the FCA for a modification of Listing Rule 9.2.15R.

Therefore, the Directors have determined that if (i) the Capital Raise does not successfully complete or (ii) Resolution 9 does not pass, Shareholders would likely lose all or a substantial part of their investment in the Company as a result, and Administration would become a possible outcome for the Company immediately following expiration of the Cure Period in March 2021.

The successful completion of the Capital Raise requires the fulfilment of the commitments given by each of Exponent, Toscafund and Ravenscroft under their respective Commitment Letters, and consequently requires the satisfaction or waiver of the conditions set out therein.

**Accordingly, it is critical that Shareholders vote in favour of the Resolutions, as the Directors consider the Capital Raise to represent the best transaction possible for the Company, Shareholders and its stakeholders as a whole in the current circumstances.**

## **21. Recommendation and voting intentions**

The Board believes that the participation of Toscafund in the Firm Placing, which is a related party transaction under Chapter 11 of the Listing Rules, is fair and reasonable as far as the Shareholders of the Company are concerned and the Board has been so advised by Numis.

**The Board believes the Capital Raise, including the participation of Toscafund in the Firm Placing, and the Delisting and AIM Admission to be in the best interests of the Shareholders as a whole. Accordingly, the Board unanimously recommends that the Shareholders vote in favour of each of the Resolutions to be proposed at the General Meeting, as the Directors each intend to do in respect of their own legal and beneficial holdings, amounting to 1,290,108 Existing Shares (representing approximately 0.8% of the Company's existing issued ordinary share capital as at 13 November 2020 (being the latest practicable date prior to the publication of this document)).**

Yours faithfully,  
for and on behalf of HSS Hire Group plc

Alan Peterson OBE  
Chair

## **PART II – SOME QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER AND FIRM PLACING**

*The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III – Terms and Conditions of the Placing and Open Offer of this document for full details of what action you should take in connection with the Capital Raise. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

*This Part II deals with general questions relating to the Placing and Open Offer and Firm Placing and more specific questions relating to Shares held by persons resident in the United Kingdom who hold their Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your entitlements. If you hold your Shares in uncertificated form (that is, through CREST) you should read Part III – Terms and Conditions of the Placing and Open Offer of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Shares are in certificated or uncertificated form, please call EQ on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.*

*Times and dates referred to in this Part II have been included on the basis of the expected timetable for the Capital Raise set out in Part III – Terms and Conditions of the Placing and Open Offer of this document.*

### **1. What is a Placing and Open Offer?**

A placing and open offer is a way for publicly listed companies to raise money. This combination provides existing shareholders with a right to subscribe for or acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for institutional investors to subscribe for or acquire new shares in the Company (a placing). The fixed price is normally at a discount to the closing mid-market price of the existing ordinary shares prior to the announcement of the open offer.

### **2. What is the Company's Placing and Open Offer?**

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of up to 354,598,212 New Shares at a price of 10 pence per New Share. If you hold Shares at the Record Date or have a *bona fide* market claim, and are not a Shareholder located in the United States or any other Excluded Territory (for further information, see paragraph 9 of Part III – Terms and Conditions of the Placing and Open Offer), you will be entitled to apply for New Shares under the Open Offer.

The Open Offer is being made on the basis of 25 New Shares for every 12 Existing Shares held by Qualifying Shareholders at the Record Date. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. In addition, and subject to availability, the Excess Application Facility will enable Qualifying Shareholders who take up the Open Offer Entitlements in full to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such Excess Shares will be scaled down at the absolute discretion of the Board.

If your entitlement to New Shares is not a whole number, your fractional entitlement will be rounded down in calculating your entitlement to New Shares and such fractional entitlements will not be allotted to Shareholders. New Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing mid-market share price on the last Business Day before the details of the Capital Raise were announced on 26 October 2020.

**Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for**

**settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will be not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.**

New Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. The Sponsor will seek to obtain Placees in respect of any New Shares which are not applied for under the Open Offer subject to the terms and conditions of the Sponsor and Placing Agreement, with the proceeds ultimately accruing for the benefit of the Company.

However, Shareholders should note that the Open Offer is conditional upon:

- (a) Shareholder approval of the Resolutions at the General Meeting; and
- (b) the Commitment Letters having become or been declared unconditional in all respects prior to Admission of the New Shares; and
- (c) Admission of the New Shares becoming effective by not later than 8.00 a.m. on 31 January 2021.

The Open Offer is not underwritten save for the commitments received from Exponent, Toscafund and Ravenscroft. However, subject to the waiver or satisfaction of the conditions and the Sponsor and Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer may be issued to Placees procured by the Sponsor. The Placing is conditional upon the Open Offer proceeding, but the Placing is not underwritten and so it is a term of the Placing and Open Offer that all New Shares validly taken up by Qualifying Shareholders under the Open Offer and all New Shares placed to Placees under the Placing may be allotted to such acquirers in the event that not all Open Offer Shares are taken up or placed. Numis has no obligation to subscribe for any Open Offer Shares which are not taken up under the Open Offer or placed through the Placing. For the purposes of section 578 of the Companies Act, if the Open Offer is not subscribed for in full, the New Shares subscribed for in the Open Offer, or otherwise, may still be allotted in any event.

### **3. What is a firm placing?**

A firm placing is a way for companies to raise money by issuing shares on a non-pre-emptive basis to existing Shareholders or to new investors.

### **4. What is the Company's Firm Placing?**

The Company is proposing to issue 185,619,010 New Shares pursuant to the Firm Placing. The Firm Placed Shares are not to be offered first to Shareholders generally. The Firm Placed Shares represent 109.1% of the Shares in issue as at 13 November 2020 (being the latest practicable date prior to publication of this document) and are not subject to clawback under, nor to they form part of, the Placing and Open Offer. The Firm Placing is expected to raise gross proceeds of approximately £18.6 million. The Firm Placing is subject to the same conditions and termination rights which apply to the Open Offer.

### **5. When will the Placing and Open Offer and Firm Placing take place?**

Admission of the New Shares issued pursuant to the Placing and Open Offer and Firm Placing is expected to take place by 8.00 a.m. on 8 December 2020. The Commitment Letters and Sponsor and Placing Agreement are subject to Admission of the New Shares becoming effective by not later than 8.00 a.m. on 31 January 2021. The Sponsor and Placing Agreement may be terminated by the Sponsor at any time prior to Admission in certain circumstances (including if any condition under the Sponsor and Placing Agreement has not been satisfied or waived), in which case the Placing will not proceed, however, the Open Offer and Firm Placing may proceed in such circumstance.

### **6. What is an Application Form?**

It is a form sent to those Qualifying Shareholders who hold their Shares in certificated form. It sets out your Open Offer Entitlements to apply for the New Shares and Excess Open Offer Entitlements and is a form which you should complete if you want to participate in the Open Offer.

**7. What if I have not received an Application Form?**

If you have not received an Application Form and you hold your Shares in certificated form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be able to participate in the Open Offer, including:

- (a) Qualifying Shareholders who hold their Shares in uncertificated form (i.e. in CREST); and
- (b) Qualifying Shareholders who hold Shares in certificated form and who bought Shares before the Ex-Entitlements Date but were not registered as the holders of those Shares at the Record Date (see question 8 below).

**8. If I bought Shares before 17 November 2020 (the *Ex-Entitlements Date*) will I be eligible to participate in the Open Offer?**

If you bought Shares before the Ex-Entitlements Date but you are not registered as the holder of those Shares at close of business on 12 November 2020 (the **Record Date**) you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to the New Shares in respect of any Shares acquired on or after the Ex-Entitlements Date.

**9. I hold my Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part III – Terms and Conditions of the Placing and Open Offer. Persons who hold Shares through a CREST member should be informed by the CREST member through whom they hold their Shares of the number of New Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

**10. I hold my Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and are not a Shareholder with a registered address in the United States or any other Excluded Territory, and, subject to certain limited exceptions, are not physically located in the United States or any other Excluded Territory, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Shares before the Ex-Entitlements Date. If you are in any doubt as to whether you are eligible to participate, you are recommended to seek your own independent legal advice.

**11. I hold my Shares in certificated form. How do I know how many New Shares I am entitled to take up?**

Subject to Shareholders approving each of the Resolutions at the General Meeting to be held at 11.00 a.m. on 4 December 2020, if you hold your Shares in certificated form and, subject to certain limited exceptions, do not have a registered address in the United States or any other Excluded Territory, you will be sent an Application Form that shows:

- In Box 1, how many Shares you held at the Record Date;
- In Box 2, how many New Shares are comprised in your Open Offer Entitlements; and
- In Box 3, how much you need to pay in pounds sterling if you want to apply for all of your Open Offer Entitlements.

If you would like to apply for any Excess Shares (i.e. New Shares in excess of your Open Offer Entitlements which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document.

**12. I am a Qualifying Shareholder and I hold my Existing Shares in certificated form. What are my choices in relation to the Open Offer?**

- (a) *If you do not want to take up your Open Offer Entitlements*

If you do not want to take up your Open Offer Entitlements you do not need to do anything. In these circumstances, you will not receive any New Shares. You will also not receive any money when the New Shares you could have taken up are sold, as might happen under a rights issue. You cannot sell your Open Offer Entitlements or Excess Open Offer Entitlements to anyone else. If you do not return your Application Form applying for the New Shares to which you are entitled by 11.00 a.m. on 3 December 2020, such New Shares will be made available for subscription under the Excess Application Facility. Failing that, the Group

has made arrangements under which it may issue the New Shares comprising your Open Offer Entitlements to Placees procured by the Sponsor.

Shareholders who do not wish to take up their Open Offer Entitlements are, however, encouraged to vote at the General Meeting by submitting a proxy electronically by accessing the Registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the instructions provided in the Notice of General Meeting. To be valid, the electronic submission must be registered by not later than 11.00 a.m. on 2 December 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Shareholders will need to use a 25-digit number made up of their Voting ID, Task ID and Shareholder Reference Number printed on their proxy form. Full details of the procedure are given on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk).

**The Board is keen to ensure that Shareholders are able to exercise their right to vote and, accordingly, strongly encourage shareholders to vote on all Resolutions in advance of the General Meeting by completing their proxy forms. Shareholders should appoint the Chairman of the meeting (and not any named individual) to act as their proxy, otherwise their votes will be incapable of being cast.**

**For the avoidance of doubt, it will not be possible to vote in person at the General Meeting.**

In the event that: (i) the Open Offer Entitlements are taken up in full by the Shareholders or Placees are procured for those Open Offer Shares not taken up; (ii) Toscafund and Ravenscroft subscribe for New Shares under the Firm Placing in accordance with the Commitment Letters; and (iii) HPS chooses to exercise its rights under the HPS Warrants to subscribe for New Shares in full, Shareholders would be diluted by 28.8%. In the event that HPS does not choose to exercise its rights under the HPS Warrants but the other assumptions remain valid, Shareholders would be diluted by 26.1%.

In the event that: (i) no Open Offer Entitlements are taken up by Shareholders other than Exponent, Toscafund and Ravenscroft; (ii) Exponent, Toscafund and Ravenscroft subscribe for New Shares under the Open Offer and Firm Placing in accordance with the Commitment Letters; (iii) no Placees are procured for those Open Offer Shares not taken up; (iv) each Director participates in full in the Open Offer in respect of the New Shares to which they are entitled; and (v) HPS chooses not to exercise its rights under the HPS Warrants to subscribe for New Shares, Shareholders would be diluted by 72.0%. In the event that HPS exercises its rights under the HPS Warrants in full but the other assumptions remain valid, Shareholders would be diluted by 73.0%.

*(b) If you want to take up some but not all of the New Shares under your Open Offer Entitlements*

If you want to take up some but not all of the New Shares under your Open Offer Entitlements, you should write the number of New Shares you want to take up in Box 4 of your Application Form; for example, if you have an Open Offer Entitlements for 50 New Shares but you only want to apply for 25 New Shares, then you should write "25" in Box 4.

To work out how much you need to pay for the New Shares, you need to multiply the number of New Shares you want (in this example, "25") by 10 pence giving you an amount of 250 pence in this example.

You should write this total sum in Box 7, rounding down to the nearest whole pence, and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to be received by no later than 11.00 a.m. on 3 December 2020, after which time Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow for at least four Business Days for delivery.

A definitive share certificate will then be sent to you for the New Shares that you take up. Your definitive share certificate for New Shares is expected to be despatched to you within 14 days of Admission of the New Shares.

*(c) If you want to take up all of your Open Offer Entitlements*

If you want to take up all of the New Shares to which you are entitled, all you need to do is sign page 1 of the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to "Equiniti Limited re HSS Hire Group Open Offer" and crossed "A/C payee only", in the accompanying pre-paid envelope by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer



Road, Lancing, West Sussex, BN99 6DA so as to be received no later than 11.00 a.m. on 3 December 2020, after which time the Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow at least four Business Days for delivery.

A definitive share certificate will then be sent to you for the New Shares that you take up. Your definitive share certificate for New Shares is expected to be despatched to you within 14 days of Admission of the New Shares.

*(d) If you want to take up Excess Shares pursuant to the Excess Application Facility*

If you have taken up all of your Open Offer Entitlements and you want to apply for Excess Shares you may do so by completing Boxes 4, 5, 6 and 7 of the Application Form. However, the total number of New Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent of any basic entitlements not taken up by other Qualifying Shareholders.

If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled down at the absolute discretion of the Board. Excess monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk. In this event, Qualifying Non-CREST Shareholders will receive the refund either as a cheque by first class post to the address set out on the Application Form or payment will be returned directly to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, not later than 10 business days following the date on which the results of the Open Offer are announced.

Each Qualifying CREST Shareholder will receive a credit to his or her CREST Stock Account of his or her Open Offer Entitlements equal to the number of Open Offer Shares for which he or she is entitled to apply under the Open Offer and also an Excess CREST Open Offer Entitlement equal to 10 times their holding of Existing Ordinary Shares as of the Record Date. Qualifying CREST Shareholders should note that this is not a cap on the maximum number of Excess Shares they can apply for and if they wish to apply for more Excess Shares than the Excess CREST Open Offer Entitlement with which they have been credited they should contact the Shareholder helpline on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom) to request an increased credit, ensuring to leave sufficient time for the additional Excess CREST Open Offer Entitlement to be credited to their account and for an application to be made in respect of those Excess CREST Open Offer Entitlement before the application deadline. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have been rounded down accordingly.

*(e) Payment*

All payments should be in pounds sterling and made by cheque or banker's draft made payable to "Equiniti Limited re HSS Hire Group Open Offer" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom or the Channel Islands and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-United Kingdom bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts which either have the building society or bank branch stamp or are provided with a supporting letter confirming the source of funds. The account name should be the same as that shown above on the Application Form. Where the building society or bank has confirmed the relevant Qualifying Shareholder has title to the underlying funds cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. No interest will be paid on payments made before they are due. It is a term of the Placing and Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of

which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

**13. I am a Qualifying Shareholder; do I have to apply for all the New Shares I am entitled to apply for?**

You can take up any number of the New Shares allocated to you under your Open Offer Entitlements, and you can also apply for Excess Shares pursuant to the Excess Application Facility provided you have taken up your Open Offer Entitlements in full. Your maximum Open Offer Entitlement is shown on your Application Form in Box 2. Any applications by a Qualifying Shareholder for a number of New Shares which is equal to or less than that person's Open Offer Entitlements will be satisfied, subject to the Open Offer becoming unconditional. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled down at the absolute discretion of the Board. If you decide not to take up all of the New Shares comprised in your Open Offer Entitlements, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement.

Please refer to answers (a), (b), (c), (d) and (e) and of question 12 for further information.

**14. What if the number of New Shares to which I am entitled is not a whole number? Am I entitled to fractions of New Shares?**

Your entitlement to New Shares will be calculated at the Record Date (other than in the case of those who bought shares after the Record Date but prior to 8.00 a.m. on 17 November 2020 who may be eligible to participate in the Open Offer). If your entitlement to New Shares is not a whole number, your fractional entitlement will be rounded down in calculating your entitlement to New Shares and such fractional entitlements will not be allotted to Shareholders but may be aggregated and allocated to Placeses subject to the terms and conditions of the Sponsor and Placing Agreement, with the proceeds ultimately accruing for the benefit of the Company.

**15. Will I be taxed if I take up my entitlements?**

If you are resident in the United Kingdom for United Kingdom tax purposes, you will not have to pay United Kingdom tax when you take up your entitlement to apply for New Shares, although the Placing and Open Offer and Firm Placing may affect the amount of United Kingdom tax you pay when you sell your Shares.

The statement above is made on the same basis as and subject to the same assumptions and caveats as set out in the "*United Kingdom Taxation*" section in Part IX – Taxation. In particular, it does not consider or extend to the tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their New Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes). For further information, Qualifying Shareholders who are resident in the United Kingdom for tax purposes are directed to the "*United Kingdom Taxation*" section in Part IX – Taxation

**Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the Equiniti Limited will not be able to assist you with taxation issues.**

**16. What should I do if I live outside the United Kingdom?**

Your ability to apply for New Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlements and/or Excess Open Offer Entitlements. Subject to certain exceptions, Shareholders with registered addresses in, or located or resident in, the Excluded Territories or the United States are not eligible to participate in the Placing and Open Offer. Shareholders who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should refer to paragraph 8 of Part III – Terms and Conditions of the Placing and Open Offer.

**17. What should I do if I need further assistance?**

If you have any other questions, please call Equiniti Limited on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Your attention is drawn to the further terms and conditions in Part III – Terms and Conditions of the Placing and Open Offer.

The contents of this document or any subsequent communication from the Company, the Sponsor or any of their respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. Each prospective investor should consult his or her own stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser for legal, financial or tax advice.

## PART III – TERMS AND CONDITIONS OF THE PLACING AND OPEN OFFER

### 1. INTRODUCTION

The Company is proposing to raise gross proceeds of up to approximately £54 million (before expenses) by way of the Capital Raise which consists of a Placing and Open Offer of up to 354,598,212 New Shares and a Firm Placing of 185,619,010 New Shares. The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate up to 354,598,212 New Shares *pro rata* to their current holdings at the Offer Price. The Open Offer is not underwritten save for the commitments received from Exponent, Toscafund and Ravenscroft. If the Open Offer Shares are not subscribed for in full (including under the Excess Application Facility) by 11.00 a.m. on 3 December 2020, and subject to the satisfaction or waiver of the conditions of the Firm Placing and the Open Offer and the Sponsor and Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not taken up may be issued to Placees procured by the Sponsor. In such circumstances the Placing would be undertaken by the Sponsor under the terms of the Sponsor and Placing Agreement and such other terms as may be announced by the Company through a Regulatory Information Service at that time. The Open Offer Shares have not been conditionally placed with Placees. Therefore, if the Open Offer is taken up in full by Qualifying Shareholders, Firm Placees will receive their placing participation in full but no New Shares will be issued to Placees. For the purposes of section 578 of the Companies Act, if the Open Offer is not subscribed for in full, the New Shares subscribed for in the Open Offer, or otherwise, may still be allotted in any event.

The Placing is conditional upon the Open Offer proceeding, but the Placing is not underwritten and so it is a term of the Placing and Open Offer that all New Shares validly taken up by Qualifying Shareholders under the Open Offer and all New Shares placed to Placees under the Placing may be allotted to such acquirers in the event that not all Open Offer Shares are taken up or placed. Exponent, Toscafund and Ravenscroft have given firm commitments to subscribe for Open Offer Shares and, in the case of Toscafund and Ravenscroft, Firm Placing Shares as set out above.

The Offer Price of 10 pence per New Share represents a 52.8% discount to the closing price of 21.2 pence per Existing Share on 23 October 2020 (the last Business Day before the Announcement). The Offer Price has been set, following discussions with major Shareholders, at the level which the Directors consider necessary to ensure the success of the Capital Raise and thereby raise a significant level of equity compared to the market capitalisation of the Company. The Directors believe that both the Offer Price and the discount are appropriate.

Each of Toscafund and Ravenscroft, has irrevocably committed to take up their full entitlement under the Open Offer. As at 13 November 2020 (being the latest practicable date prior to the publication of this document), Toscafund held 45,812,070 Existing Shares (representing approximately 26.9% of the Existing Shares) and Ravenscroft held 1,990,000 Existing Shares (representing approximately 1.2% of the Existing Shares). Exponent has irrevocably committed to subscribe for 150,000,000 New Shares under the Open Offer (representing approximately 42.3% of the Open Offer Entitlements).

The New Shares issued in connection with the Capital Raise will rank *pari passu* in all respects with the Existing Shares, including the right to receive dividends or other distributions made, paid or declared in respect of the ordinary share capital of the Company after the respective dates of issue of the New Shares. There will be no restrictions on the free transferability of the New Shares save as provided in the Articles. The rights attaching to the New Shares are governed by the Articles, a summary of which is set out in paragraph 4 of Part X – Additional Information.

The New Shares will be in registered form and capable of being held in certificated form or uncertificated form in CREST.

The maximum number of New Shares issued as part of the Capital Raise will represent approximately 76.9% of the Enlarged Share Capital of the Company immediately following the Capital Raise (on the basis of the Maximum Participation Assumptions). In the event that HPS chooses not to exercise the HPS Warrants in full but the other assumptions remain valid, the maximum number of New Shares issued as part of the Capital Raise would represent approximately 76.0% of the Enlarged Share Capital of the Company immediately following the Capital Raise.

## 2. TERMS AND CONDITIONS OF THE PLACING AND OPEN OFFER

### *Placing and Open Offer*

Each Qualifying Shareholder is being given the opportunity to apply for New Shares at the Offer Price on the following *pro rata* basis:

#### **25 New Shares at 10 pence each for every 12 Existing Shares**

Exponent, Toscafund and Ravenscroft have irrevocably undertaken to subscribe for 150,000,000, 95,441,812 and 4,145,833 New Shares, respectively, by way of the Open Offer, which in aggregate represents 70.4% of the maximum number of New Shares to be issued pursuant to the Open Offer.

The Open Offer is conditional upon:

- (a) the passing of the Resolutions at the General Meeting without material amendment;
- (b) the Commitment Letters having become or been declared unconditional in all respects prior to Admission of the New Shares; and
- (c) Admission of the New Shares becoming effective by not later than 8.00 a.m. on 31 January 2021.

In the event that these conditions are not satisfied, the Open Offer will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled.

Subject to the waiver or satisfaction of the conditions and the Sponsor and Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer may be issued to Placees procured by the Sponsor. The Placing is conditional upon the Offer Open proceeding.

A summary of the principal terms of the Sponsor and Placing Agreement is set out in paragraph 9.2 (“Sponsor and Placing Agreement”) of Part X – Additional Information of this document.

### *Open Offer Entitlements*

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder is being given an opportunity to apply for New Shares at the Offer Price (payable in full and free of all expenses) on the following *pro rata* basis:

#### **25 New Shares at 10 pence each for every 12 Existing Shares**

held and registered in their name at the Record Date and so on in proportion to any other number of Shares then held.

Qualifying Shareholders may apply for any whole number of New Shares. Any fractional entitlements to New Shares will be rounded down in calculating entitlements to New Shares and such fractional entitlements will not be allotted to Shareholders but will be aggregated and made available pursuant to the Excess Application Facility, with the proceeds ultimately accruing for the benefit of the Company. Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements.

Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer Entitlements.

### *Excess Application Facility*

Qualifying Shareholders who take up their Open Offer Entitlements in full may apply to subscribe for Excess Shares using the Excess Application Facility. Qualifying Non-CREST Shareholders wishing to apply to subscribe for Excess Shares may do so by completing the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to and are able to apply to subscribe for more than their Open Offer Entitlements will have Excess Open Offer Entitlements credited to their stock account in CREST, and should refer to paragraph 4.5 of this Part III for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

The Excess Application Facility will comprise New Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements and the aggregated fractional entitlements. Qualifying Shareholders’ applications for Excess Shares will, therefore, be satisfied only to the extent that applications by other Qualifying Shareholders are made for less than their *pro rata* Open Offer Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled down at the absolute discretion of the Board.

**Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. New Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to Placees subject to the terms and conditions of the Sponsor and Placing Agreement, with the proceeds ultimately accruing for the benefit of the Company.**

The attention of Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the United Kingdom is drawn to paragraph 8 of this Part III relating to Overseas Shareholders, which forms part of the terms and conditions of the Placing and Open Offer.

In the event that: (i) the Open Offer Entitlements are taken up in full by the Shareholders or Placees are procured for those Open Offer Shares not taken up; (ii) Toscafund and Ravenscroft subscribe for New Shares under the Firm Placing in accordance with the Commitment Letters; and (iii) HPS chooses to exercise its rights under the HPS Warrants to subscribe for New Shares in full, Shareholders would be diluted by 28.8%. In the event that HPS does not choose to exercise its rights under the HPS Warrants but the other assumptions remain valid, Shareholders would be diluted by 26.1%.

In the event that: (i) no Open Offer Entitlements are taken up by Shareholders other than Exponent, Toscafund and Ravenscroft; (ii) Exponent, Toscafund and Ravenscroft subscribe for New Shares under the Open Offer and Firm Placing in accordance with the Commitment Letters; (iii) no Placees are procured for those Open Offer Shares not taken up; (iv) each Director participates in full in the Open Offer in respect of the New Shares to which they are entitled; and (v) HPS chooses not to exercise its rights under the HPS Warrants to subscribe for New Shares, Shareholders would be diluted by 72.0%. In the event that HPS exercises its rights under the HPS Warrants in full but the other assumptions remain valid, Shareholders would be diluted by 73.0%.

The results of the Open Offer are expected to be announced on or around 4 December 2020 and the results of the Placing (in the event that not all Open Offer Shares are taken up by Qualifying Shareholders) are expected to be announced on or around 4 December 2020.

#### ***Admission***

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 8 December 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The New Shares issued in connection with the Capital Raise will rank *pari passu* in all respects with the Existing Shares, including the right to receive dividends and other distributions made, paid or declared in respect of the ordinary share capital of the Company after the respective dates of issue of the New Shares.

No temporary documents of title will be issued in respect of the New Shares held in uncertificated form. Definitive certificates in respect of New Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their New Shares in certificated form within 14 days of Admission of the New Shares.

The Existing Shares are already CREST-enabled. No further application for admission to CREST is required for the New Shares and all of the New Shares when issued and fully paid may be held and transferred by means of CREST. In respect of those Qualifying Shareholders who have validly elected to hold their New Shares in uncertificated form, the New Shares are expected to be credited to their CREST stock accounts, by 8.00 a.m. on 18 November 2020.

Subject to the conditions above being satisfied and save as provided in this Part III, it is expected that:

- (a) the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Shareholders' Open Offer Entitlements and Excess Open Offer Entitlements, with effect from 8.00 a.m. on 18 November 2020;
- (b) New Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their Open Offer Entitlements and Excess Open Offer Entitlements from 8.00 a.m. on 8 December 2020; and
- (c) share certificates for the New Shares will be despatched within 14 days of Admission of the New Shares to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements and Excess Open Offer Entitlements. Such certificates will be despatched at the risk of such Shareholders.

All Qualifying Shareholders taking up their Open Offer Entitlements and Excess Open Offer Entitlements will be deemed to have given the representations and warranties set out in paragraph 9.1 below (in the case of Qualifying Non-CREST Shareholders) and paragraph 9.2 below (in the case of Qualifying CREST Shareholders) unless, in each case, such requirement is waived in writing by the Company.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees (or their agents, as appropriate) will be posted at their own risk.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates or times.

### **3. ACTION TO BE TAKEN IN CONNECTION WITH THE OPEN OFFER**

**If you are in any doubt about the contents of this document and any accompanying documents or the action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of his or her entitlement under the Open Offer or has had his Open Offer Entitlements and Excess Open Offer Entitlements credited to his or her CREST stock account.

If you are a Qualifying Non-CREST Shareholder, please refer to paragraph 4 and paragraphs 6 to 11 (inclusive) of this Part III.

If you are a Qualifying CREST Shareholder, please refer to paragraph 5 and paragraphs 6 to 11 (inclusive) of this Part III, and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

### **4. ACTION TO BE TAKEN IN RELATION TO OPEN OFFER ENTITLEMENTS AND EXCESS OPEN OFFER ENTITLEMENTS REPRESENTED BY APPLICATION FORMS**

#### **4.1 General**

Save as provided in paragraph 8 of this Part III below, Qualifying Non-CREST Shareholders will have received an Application Form with this document.

The Application Form sets out:

- (a) in Box 1, the number of Existing Shares registered in such person's name at the Record Date (on which a Qualifying Non-CREST Shareholder's entitlement to New Shares is based);

- (b) in Box 2, the maximum number of New Shares for which such persons are entitled to apply under the Open Offer, taking into account that any fractional entitlements to New Shares will be rounded down in calculating entitlements, such fractional entitlements will not be allotted to Shareholders but will be aggregated and made available pursuant to the Excess Application Facility, with the proceeds ultimately accruing for the benefit of the Company;
- (c) in Box 3, how much they would need to pay in pounds sterling if they wish to take up their Open Offer Entitlements in full;
- (d) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to convert all or part of his or her entitlement into uncertificated form; and
- (e) instructions regarding acceptance and payment, consolidation and splitting.

Qualifying Non-CREST Shareholders may apply for less than their maximum Open Offer Entitlement should they wish to do so.

Subject to applying to take up their Open Offer Entitlements in full, Qualifying Non-CREST Shareholders may also apply for any Excess Shares (i.e. New Shares in excess of their Open Offer Entitlements which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility.

Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

**The latest time and date for acceptance of the Application Form and payment in full will be 11.00 a.m. on 3 December 2020.** The New Shares are expected to be issued on 8 December 2020. After such date, the New Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

**Qualifying Shareholders who do not want to take up or apply for the New Shares under the Open Offer should take no action and should not complete or return the Application Form.** Qualifying Shareholders are, however, encouraged to vote at the General Meeting by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk) or by completing and transmitting a CREST Proxy Instruction. Qualifying Shareholders may also contact the EQ to request a hard copy form of proxy.

#### 4.2 *Bona fide* market claims

Applications to acquire New Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Shares through the market prior to 8.00 a.m. on 17 November 2020 (the date upon which the Shares were marked 'ex' the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims prior to 3.00 p.m. on 1 December 2020. Shareholders should note that subscriptions for Excess Shares using the Excess Application Facility will not be subject to Euroclear's market claims process. Qualifying CREST Shareholders claiming Excess Shares using the Excess Application Facility by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his, or its holding of Shares prior to the date upon which the Shares were marked 'ex' the entitlement to participate in the Open Offer, being 8.00 a.m. on 17 November 2020, should consult his or her broker or other professional adviser as soon as possible, as the invitation to acquire New Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 8.00 a.m. on 17 November 2020 should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form should not, however, be forwarded to or transmitted in or into any Excluded Territory, including the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the



market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Shares shown on Box 1 of their Application Form prior to 8.00 a.m. on 17 November 2020 should, if the market claim is to be settled outside CREST, complete Box 8 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 1 of the original Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 2), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to be received by no later than 3.00 p.m. on 3 December 2020. The Receiving Agent will then create new Application Forms, mark the Application Forms “Declaration of sale or transfer duly made” and send them by post to the person submitting the original Application Form for appropriate distribution. The Application Form should not, however, be forwarded to or transmitted in or into any Excluded Territory, including the United States.

#### **4.3 Application procedures**

Qualifying Non-CREST Shareholders who wish to apply to take up all or any of the New Shares in respect of their Open Offer Entitlements or any Excess Shares pursuant to the Excess Application Facility must complete, sign and return the Application Form in accordance with the instructions thereon. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the United Kingdom only) or returned by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received by 11.00 a.m. on 3 December 2020 by no later than 11.00 a.m. on 3 December 2020, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four working days for delivery. Multiple applications will not be accepted.

Completed Application Forms should be returned together with payment in accordance with paragraph 4.4 below.

#### **4.4 Payment**

All payments must be made by cheque or banker’s draft in pounds sterling and completed in black ink and made payable to “Equiniti Limited re HSS Hire Group Open Offer” and crossed “A/C payee only”. Cheques must be for the full amount payable on acceptance and sent by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 3 December 2020. A pre-paid envelope for use within the United Kingdom only will be sent with the Application Form. If an Application Form is being sent by first-class post in the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

Third party cheques may not be accepted except building society cheques or banker’s drafts which either have the building society or bank branch stamp or are provided with a supporting letter confirming the source of funds. The account name should be the same as that shown above on the Application Form. Where the building society or bank has confirmed the relevant Qualifying Shareholder has title to the underlying funds cheques or banker’s drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker’s drafts to be cleared through the facilities provided by either of those companies. Cheques and banker’s drafts must bear the appropriate sorting code number in the top right-hand corner.

Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Open Offer that cheques must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Placing and/or Open Offer are fulfilled, the application monies will be kept in an interest-bearing account retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no New Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, following the lapse of the Open Offer. The interest earned on such monies, if any, will be retained for the benefit of the Company.

If New Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part III in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All enquires in connection with the Application Forms should be addressed to Equiniti Limited on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Equiniti Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **4.5 Excess Application Facility**

Qualifying Non-CREST Shareholders who take up their Open Offer Entitlements in full may apply to subscribe for Excess Shares using the Excess Application Facility, which enables Qualifying Non-CREST Shareholders to apply for New Shares in excess of their Open Offer Entitlements.

There is no limit on the amount of New Shares that can be applied for under the Excess Application Facility, save that the maximum amount of New Shares to be allotted under the Excess Application Facility will be limited by the maximum size of the Open Offer less the aggregate of the New Shares issued under the Open Offer pursuant to the Qualifying Shareholders' Open Offer Entitlements.

Applications for Excess Shares will be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of New Shares available, then such applications will be scaled back at the absolute discretion of the Board. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque.

Qualifying Non-CREST Shareholders who wish to apply for New Shares in excess of their Open Offer Entitlements must complete the Application Form in accordance with instructions set out on the Application Form.

Qualifying Non-CREST Shareholders who make applications for Excess Shares under the Excess Application Facility which are not met in full and from whom payment in full has been made will receive a pounds sterling amount equal to the number of New Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interests and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

All enquiries in connection with the procedure for application under the Excess Application Facility and Excess Entitlements should be addressed to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The Receiving Agent can be contacted on 0330-123-5505 (or, if

calling from outside the United Kingdom, on +44 330-123-5505). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

#### **4.6 Discretion as to validity of acceptances**

If payment is not received in full by 11.00 a.m. on 3 December 2020, the offer to apply for New Shares will (unless the Company has exercised its right to treat as valid an acceptance, as set out below) be deemed to have been declined and will lapse. The Company may elect, but shall not be obliged, to treat as valid Application Forms and accompany remittances for the full amount due which are received prior to 2.00 p.m. on 3 December 2020.

The Company may elect, but shall not be obliged, to treat as a valid acceptance the receipt of appropriate remittance by 2.00 p.m. on 3 December 2020 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Shares to be acquired and containing an undertaking by that person to lodge the relevant Application Form, duly completed, in due course.

The Company may also (in its sole discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for New Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for New Shares in the United States, any other Excluded Territory or any other jurisdictions where the extension and availability of the Open Offer would breach any applicable law unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

The provisions of this paragraph 4.7 and any other terms of the Open Offer relating to Qualifying Non-CREST Shareholders may be waived, varied or modified as regards specific Qualifying Non-CREST Shareholder(s) or on a general basis by the Company.

#### **4.7 Effect of application**

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (a) represents and warrants to the Company that he or she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights, and perform his or her obligations, under any contracts resulting therefrom and that he or she is not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company that all applications under the Open Offer and any contractual or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
- (c) confirms to the Company and the Sponsor that in making the application he or she is not relying on any information or representation other than that contained in this document or any documents incorporated by reference into this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document (including any documents incorporated by reference into this document) or any part thereof, or involved in the preparation thereof or named herein, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documents incorporated by reference, he or she will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

- (d) confirms that in making the application he or she is not relying and has not relied on the Sponsor or any other person affiliated with the Sponsor in connection with any investigation of the accuracy of any information contained in this document or his or her investment decision;
- (e) represents and warrants to the Company that if he or she has received some or all of his or her Open Offer Entitlements or Excess Open Offer Entitlements from a person other than the Company, he or she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (f) represents and warrants to the Company that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he or she received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (g) represents and warrants to the Company that: (a) he or she is not, nor is he or she applying on behalf of any person who is located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law; and (b) he or she is not applying with a view to re-offering, reselling, transferring or delivering any of the New Shares which are the subject of his or her application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Shares under the Open Offer;
- (h) represents and warrants to the Company that he or she is not, and nor is he or she applying as nominee or agent for, a person whose business is or includes issuing depository receipts and/or the provision of clearance services as referenced in sections 67, 70, 93 and/or 96 of the Finance Act 1986 (a “Specified Person”) and that if any stamp duty, stamp duty reserve tax, or any other transfer or issue tax or related interest and penalties (“Stamp Tax”) arises in connection with his or her acquisition of the New Shares (including any rights in respect thereof or any acquisition by his or her agent or nominee) or any subsequent transfer by him or her, or his or her agent, of such shares or rights to a Specified Person or a nominee or agent for such person, he or she agrees that he or she will pay and bear, or procure the payment of, the cost of such Stamp Tax;
- (i) undertakes to the Company that the person he or she specifies for registration as the holder of any New Shares will be himself or herself or his or her nominee and agrees that the Company will not be liable for any Stamp Tax arising from any failure to observe this undertaking and will indemnify the Company on an after-tax basis for any such Stamp Tax;
- (j) acknowledges that he or she shall be liable for any non-United Kingdom Stamp Tax in connection with his acquisition of New Shares and any subsequent dealing in relation to them; and
- (k) requests that the New Shares to which he or she will become entitled be issued to him or her it on the terms set out in this document and the Application Form, subject to the Articles.

#### **4.8 Money Laundering Regulations**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent, EQ, may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If an application is made by a United Kingdom regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (the *acceptor*), including any person who appears to the Receiving Agent to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as either of them may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty to the Company that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the acceptor to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations and agree for the Receiving Agent to make a search using a credit

reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained.

If EQ determines that the verification of identity requirements apply to any acceptor or application, the relevant New Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. EQ is entitled to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither EQ nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, EQ has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (a) the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (b) the acceptor is an organisation required to comply with the EU Money Laundering Directive 2015/849, as amended;
- (c) the acceptor is a company whose securities are listed on a regulated market subject to specified disclosure obligations;
- (d) the acceptor (not being an acceptor who delivers his/her application in person) makes payment through an account in the name of such acceptor with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- (e) the aggregate subscription price for the relevant New Shares is less than €15,000 (or its pounds sterling equivalent).

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft drawn on a branch of a bank or building society in the United Kingdom and bears a United Kingdom bank sort code number in the top right-hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Equiniti Limited re HSS Hire Group Open Offer" and crossed "A/C payee only". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (b) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, India, Israel, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Norway, the Russian Federation, Saudi Arabia, Singapore, South Africa, Switzerland, Turkey, the United Kingdom and the United States), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority.

In order to confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the acceptor should contact the Receiving Agent at 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary

by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m.–5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **4.9 Issue of New Shares in certificated form**

Definitive share certificates in respect of the New Shares to be held in certificated form are expected to be despatched within 14 days of Admission of the New Shares, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

### **5. ACTION TO BE TAKEN IN RELATION TO OPEN OFFER ENTITLEMENTS AND EXCESS OPEN OFFER ENTITLEMENTS CREDITED IN CREST**

#### **5.1 General**

Each Qualifying CREST Shareholder is expected to receive a credit to his or her CREST stock account of his or her Open Offer Entitlements equal to the maximum number of New Shares for which he or she is entitled to apply to acquire under the Open Offer as well as a credit in respect of his or her Excess Open Offer Entitlements. Any fractional entitlements to New Shares will be rounded down in calculating entitlements to New Shares and such fractional entitlements will not be allotted to Shareholders but will be aggregated and made available pursuant to the Excess Application Facility, with the proceeds ultimately accruing for the benefit of the Company.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Shares held at the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 3.00 p.m. on 30 November 2020 or such later time as the Company shall decide, Application Forms shall, unless the Company agrees otherwise, be sent out in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may, with the consent of the Sponsor in certain circumstances, be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their entitlements in respect of New Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of New Shares. If you have any queries on the procedure for acceptances and payment, you should call Equiniti Limited on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m.– 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

In accordance with the instructions in this Part III, the CREST instruction must have been settled by 11.00 a.m. on 3 December 2020.

#### **5.2 *Bona fide* market claims**

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and Excess Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlements and Excess Open Offer Entitlements will thereafter be transferred accordingly.

Shareholders should note that subscriptions for Excess Shares using the Excess Application Facility will not be subject to Euroclear's market claims process. Qualifying CREST Shareholders claiming Excess Shares using the Excess Application Facility by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

### **5.3 Excess Application Facility**

Qualifying CREST Shareholders who take up their Open Offer Entitlements in full may apply to subscribe for Excess Shares using the Excess Application Facility, which enables Qualifying CREST Shareholders to apply for New Shares in excess of their Open Offer Entitlements.

There is no limit on the amount of New Shares that can be applied for under the Excess Application Facility, save that the maximum amount of New Shares to be allotted under the Excess Application Facility will be limited by the maximum size of Open Offer less the aggregate of the New Shares issued under the Open Offer pursuant to the Qualifying Shareholders' Open Offer Entitlements.

Applications for Excess Shares will be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements. If applications under the Excess Application Facility are received for more than the maximum number of New Shares available, then such applications will be scaled back at the absolute discretion of the Board. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque.

All enquiries in connection with the procedure for application for Excess Open Offer Entitlements should be made to Equiniti Limited on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m.– 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

An Excess Open Offer Entitlement in CREST may not be sold or otherwise transferred. Save as provided in this Part III in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the New Shares attributable to the Excess Open Offer Entitlement as an Excess Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Excess Open Offer Entitlements will not be subject to Euroclear's market claims process. CREST Shareholders claiming Excess Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will need to be claimed separately by the purchaser who is advised to contact the Receiving Agent to request a credit of the appropriate number of Excess Open Offer Entitlements to their CREST account. Please note that a separate USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlement.

A Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Shares has been received, will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

#### **5.4 USE Instructions for some or all of the Open Offer Entitlements**

Qualifying CREST Shareholders who are CREST members and who wish to apply for New Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of New Shares referred to in (a) above.

#### **5.5 Content of USE Instructions in respect of Open Offer Entitlements**

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of New Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (b) the ISIN of the Open Offer Entitlements. This is GB00BMCKBJ73;
- (c) the CREST participant ID of the CREST member;
- (d) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- (e) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA60;
- (f) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA362501;
- (g) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 3 December 2020;
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (j) a contact name and telephone number (in the free format shared note field); and
- (k) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 3 December 2020. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 December 2020 in order to be valid is 11.00 a.m. on that day.

If Admission of the New Shares has not occurred by 8.00 a.m. on 31 January 2021 the Commitment Letters and the Sponsor and Placing Agreement shall terminate. In such circumstances, the Placing and Open Offer and Firm Placing will not proceed, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

#### **5.6 USE Instructions for the Excess Open Offer Entitlements**

Qualifying CREST Shareholders who are CREST members and who wish to apply for Excess Shares in respect of their Excess Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:



- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Excess Open Offer Entitlements corresponding to the number of Excess Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Excess Shares referred to in (a) above.

#### **5.7 Content of USE Instructions in respect of Excess Open Offer Entitlements**

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Excess Shares for which application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (b) the ISIN of the Excess Open Offer Entitlements. This is GB00BMCKBK88;
- (c) the CREST participant ID of the CREST member;
- (d) the CREST member account ID of the CREST member from which the Excess Open Offer Entitlements are to be debited;
- (e) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA61;
- (f) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA362502;
- (g) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 3 December 2020;
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (j) a contact name and telephone number (in the free format shared note field); and
- (k) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 3 December 2020. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 December 2020 in order to be valid is 11.00 a.m. on that day.

If Admission of the New Shares has not occurred by 8.00 a.m. on 31 January 2021 the Commitment Letters and the Sponsor and Placing Agreement shall terminate. In such circumstances, the Placing and Open Offer and Firm Placing will not proceed, the Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

#### **5.8 CREST procedures and timings**

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 3 December 2020. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

## 5.9 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 3 December 2020 will constitute a valid application under the Open Offer.

## 5.10 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (a) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); or
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the New Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

## 5.11 Effect of application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (a) represents and warrants to the Company that he or she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights, and perform his or her obligations, under any contracts resulting therefrom and that he or she is not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);
- (c) agrees with the Company that all applications under the Open Offer and any contractual or non-contractual obligations resulting therefrom, shall be governed by, and construed in accordance with, the laws of England;
- (d) confirms that in making the application he or she is not relying and has not relied on the Sponsor or any other person affiliated with the Sponsor in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (e) confirms to the Company and the Sponsor that in making the application he or she is not relying on any information or representation other than that contained in this document, or any documents incorporated by reference into this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document (including any documents incorporated by reference into this document) or any part thereof, or involved in the preparation thereof, or named herein, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he or she will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (f) represents and warrants to the Company that if he or she has received some or all of his or her Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company, he or she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (g) represents and warrants to the Company that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he or she has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;

- (h) represents and warrants to the Company that: (a) he or she is not, nor is he or she applying on behalf of any person who is located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law; and (b) he or she is not applying with a view to re-offering, reselling, transferring or delivering any of the New Shares which are the subject of his or her application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Shares under the Open Offer;
- (i) requests that the New Shares to which he or she will become entitled be issued to him or her on the terms set out in this document, subject to the Articles;
- (j) represents and warrants to the Company that he or she is not, and nor is he or she applying as nominee or agent for, a person whose business is or includes issuing depository receipts and/or the provision of clearance services as referenced in sections 67, 70, 93 and/or 96 of the Finance Act 1986 (a "Specified Person") and that if any stamp duty, stamp duty reserve tax, or any other transfer or issue tax or related interest and penalties ("Stamp Tax") arises in connection with his or her acquisition of the New Shares (including any rights in respect thereof or any acquisition by his or her agent or nominee) or any subsequent transfer by him or her, or his or her agent, of such shares or rights to a Specified Person or a nominee or agent for such person, he or she agrees that he or she will pay and bear, or procure the payment of, the cost of such Stamp Tax;
- (k) undertakes to the Company that the person he or she specifies for registration as the holder of any New Shares will be himself or herself or his or her nominee and agrees that the Company will not be liable for any Stamp Tax arising from any failure to observe this undertaking and will indemnify the Company on an after-tax basis for any such Stamp Tax; and
- (l) acknowledges that he or she shall be liable for any non-United Kingdom Stamp Tax in connection with his acquisition of New Shares and any subsequent dealing in relation to them.

## **5.12 Discretion as to rejection and validity of acceptances**

The Company may:

- (a) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 5.13 of this Part III. Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 3 December 2020 (or by such later time and date as the Company may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5.13(a), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 5.11 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;
- (b) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;
- (c) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (d) treat a properly authenticated dematerialised instruction (in this sub-paragraph, the "first instruction") as not constituting a valid acceptance if, at the time at which EQ receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or EQ has received actual notice from Euroclear of any of the matters specified in CREST Regulations 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (e) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, a Qualifying CREST Shareholder is unable validly to take up all or part of his Open Offer Entitlement or Excess Open Offer Entitlement by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by EQ in connection with CREST.

### **5.13 Money Laundering Regulations**

If you hold your Existing Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a United Kingdom or EU regulated person or institution (e.g. a bank, a broker or another United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is entitled to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application and any submission of a USE Instruction constitutes agreement for the Receiving Agent to make any search deemed necessary. Such Qualifying CREST Shareholders must therefore contact the Receiving Agent before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above is an undertaking by the applicant to the Company to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then the Receiving Agent will not permit the USE Instruction concerned to proceed to settlement but without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence.

### **5.14 Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his or her Application Form, including the entitlement to apply under the Excess Application Facility, may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal (these are set out in the Application Form in the case of a deposit into CREST).

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box 11 of their Application Form, entitled "CREST Deposit Form" and then deposit their Application Form with the CCSS. In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the Open Offer Entitlement shown in Box 2 of the Application Form may be deposited into CREST. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess Open Offer Entitlement, which will be managed by EQ.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration in Box 8 must be made or (in the case of an Application Form which has been split) marked "Declaration of sale or transfer duly made". If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box 11 of your Application Form must be completed and deposited with the CCSS in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements shown on those Application Forms into CREST must complete Box 11 of each Application Form.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled

wishes to hold the Open Offer Entitlement set out in such Application Form as an Open Offer Entitlement in CREST and the entitlement to apply under the Excess Application Facility in CREST, is by 3.00 p.m. on 30 November 2020. CREST holders inputting the withdrawal of their Open Offer Entitlement and any Excess Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and EQ by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed Application Letter on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not located in, or citizen(s) or resident(s) of, any Excluded Territory or any jurisdiction in which the application for New Shares is prevented by law, and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

#### **5.15 Right to allot and issue New Shares in certificated form**

Despite any other provision of this document, the Company reserves the right to allot and to issue any New Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by Equiniti in connection with CREST.

### **6. TAXATION**

Information on taxation with regard to the Open Offer for Qualifying Shareholders who are resident in (and only in) the United Kingdom for United Kingdom tax purposes is set out in Part IX – Taxation. The information contained in Part IX – Taxation is intended only as a general guide to the current tax position in the United Kingdom, Qualifying Shareholders resident in the United Kingdom for United Kingdom tax purposes should consult their own tax advisers regarding the tax treatment of the Open Offer in light of their own circumstances. Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriately qualified independent professional adviser immediately.

### **7. PROCEDURE IN RESPECT OF OPEN OFFER SHARES NOT TAKEN UP**

If an Open Offer Entitlement is not validly taken up by 11.00 a.m. on 3 December 2020, in accordance with the procedure laid down for acceptance and payment, then that entitlement will be deemed to have been declined and will lapse. If the Open Offer Entitlements which have so lapsed have not been taken up by other Qualifying Shareholders under the Excess Application Facility, the Sponsor has agreed, subject to the terms of the Sponsor and Placing Agreement, to use reasonable endeavours to procure through the Placing at a price per New Share which is equal to the Offer Price acquirers by way of direct issue for all (or as many as possible) of those Open Offer Shares not taken up. The Sponsor has agreed to carry out the Placing as soon as reasonably practicable following the announcement by the Company of the results of the Open Offer and in any event by not later than 6.00 p.m. on 4 December 2020.

Notwithstanding the above, the Sponsor may cease to endeavour to procure any such acquirers if, in its opinion, it is unlikely that any such acquirers can be procured at such a price and by such a time. If and to the extent that acquirers for New Shares by way of direct issue cannot be procured on the basis outlined above, the relevant New Shares will not be issued and the total amount of the Capital Raise will be reduced by the amount of such New Shares not taken up in the Open Offer or the Placing. The Placing is not underwritten.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. New Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying

Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer (including the Excess Application Facility) may be allocated to Placees through the Placing. A Qualifying Shareholder is not prohibited from subscribing for New Shares in the Placing if it meets the criteria for Placees under the terms of the Placing. However, there can be no assurance that any Qualifying Shareholder will be allocated any New Shares in the Placing.

Any transactions undertaken pursuant to this paragraph 7 shall be undertaken by the Sponsor as agent for the Company on the terms and conditions of the Sponsor and Placing Agreement and the proceeds of the Placing (net of the Sponsor's fees, commission and expenses) will be payable to the Company. The Sponsor shall not be responsible or have any liability whatsoever for any loss, expense or damage (whether actual or alleged) arising from the terms or timing of any such acquisition, any decision not to endeavour to procure acquirers or the failure to procure acquirers on the basis so described. The Sponsor will be entitled to retain any brokerage fees, commissions or other benefits received in connection with these arrangements.

## **8. WITHDRAWAL RIGHTS**

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights after the publication by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal (which shall include a notice sent by email to EQ) within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder. The notice must be sent to the Receiving Agent, EQ by mail so as to be received by the end of the withdrawal period specified above. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the New Shares applied for in full and the allotment of such New Shares to such persons becomes unconditional, save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice. Shareholders should note that, in any event, withdrawal rights will not apply once Admission of the New Shares has occurred.

Following the valid exercise of statutory withdrawal rights, application monies will be returned by post to the relevant Qualifying Shareholders at their own risk and without interest to the address set out in the Application Form and/or the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as applicable within 14 days of such exercise of statutory withdrawal rights. Interest earned on such monies will be retained for the benefit of the Company. The provisions of this paragraph 7 or this Part III are without prejudice to the statutory rights of Qualifying Shareholders. In such event, Qualifying Shareholders are advised to seek independent legal advice. For further details, Shareholders should call EQ on 0330-123-5505 (or +44 330-123-5505 if calling from outside the United Kingdom if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m.–5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that EQ cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## **9. OVERSEAS SHAREHOLDERS**

This document has been approved by the FCA, being the competent authority in the United Kingdom.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to participate in the Placing and Open Offer to satisfy himself, herself or itself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 8 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his or her position should consult his or her professional adviser without delay.

### **9.1 General**

**The distribution of this document and the Application Form and the making of the Placing and Open Offer to persons resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the law of the relevant jurisdiction. Those persons**

**should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Placing and Open Offer.**

This paragraph sets out the restrictions applicable to Shareholders who have registered addresses outside the United Kingdom, who are physically located outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the United Kingdom, or who hold Shares for the account or benefit of any such person.

Subject to limited exceptions, Application Forms have not been, and will not be, sent to, and Open Offer Entitlements, Excess Open Offer Entitlements and New Shares will not be credited to CREST accounts of, persons in the Excluded Territories, or to their agent or intermediary.

No person receiving a copy of this document and/or an Application Form and/or any other document issued by the Company in connection with the Placing and Open Offer and/or receiving a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use the Application Form or deal with Open Offer Entitlements or Excess Open Offer Entitlements in CREST unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to him and the Application Form or Open Offer Entitlements or Excess Open Offer Entitlements in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements. In such circumstances, where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or an Application Form and/or any other document issued by the Company in connection with the Placing and Open Offer or whose stock account in CREST is credited with Open Offer Entitlements or Excess Open Offer Entitlements should not, in connection with the Open Offer, distribute or send the same in or into, or transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into, any Excluded Territory, including the United States or any jurisdiction where to do so would or might contravene local security laws or regulations. If an Application Form or credit of Open Offer Entitlements or Excess Open Offer Entitlements in CREST is received by any person in any such territory, or by their agent or nominee, he or she must not seek to take up the entitlements referred to in the Application Form or in this document or transfer the Open Offer Entitlements or Excess Open Offer Entitlements in CREST unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or an Application Form into any such territories (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

The Company reserves the right to treat as invalid and will not be bound to allot or issue any New Shares in respect of any acceptance or purported acceptance of the application for New Shares or offer of the Open Offer Entitlements or Excess Open Offer Entitlements which:

- (i) appears to the Company or its respective agents to have been executed, effected or despatched from the United States or any other Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to execute, effect or despatch such acceptance or purported acceptance unless the Company is satisfied that such action would not result in the contravention of any registration or legal requirement; or
- (ii) in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Shares in an Excluded Territory, including the United States, or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (iii) in the case of a credit of New Shares in CREST, the Shareholder's registered address would be in an Excluded Territory, including the United States, or any other jurisdiction outside the United Kingdom in which it would be unlawful to make such a credit or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements.

Despite any other provisions of this document or the Application Form, the Company reserves the right to permit any Overseas Shareholder to take up his or her entitlements as if it were a Qualifying Shareholder if

the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Overseas Shareholders to be sent an Application Form if he or she is a Qualifying Non-CREST Shareholder or, if he or she is a Qualifying CREST Shareholder, arrange for the Open Offer Entitlements and Excess Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Overseas Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4 and 5 of this Part III.

Overseas Shareholders should note that all subscription monies must be paid in pounds sterling by cheque and should be drawn on a bank in the United Kingdom, made payable to “Equiniti Limited re HSS Hire Group Open Offer” and crossed “A/C payee only”.

The provisions of this paragraph 8 will apply generally to non-Qualifying Shareholders and other Overseas Shareholders who do not or are unable to take up New Shares provisionally allotted to them.

## **9.2 United States of America**

The New Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, into or within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States.

No offering is being made in the United States and neither this document nor the Application Forms constitute or will constitute an offer, or an invitation to apply for, or an offer or invitation to acquire, any New Shares in the United States. Application Forms have not been, and will not be, sent to, and the New Shares, Open Offer Entitlements have not been, and will not be, credited to the CREST account of, any Qualifying Shareholder with a registered address in the United States.

Envelopes containing Application Forms should not be postmarked in the United States or otherwise despatched from the United States, and all persons acquiring New Shares and wishing to hold such shares in registered form must provide an address for registration of the New Shares issued upon exercise thereof outside the United States.

Save with the prior consent of the Company, any person who acquires the New Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the New Shares, that it is not, and that at the time of acquiring the New Shares it will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States.

Neither the New Shares, the Form of Proxy, the Application Form, this document nor any other document connected with the Placing and Open Offer have been or will be approved or disapproved by the SEC or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Shares, the Form of Proxy, the Application Form, or the accuracy or adequacy of this document or any other document connected with this Placing and Open Offer. Any representation to the contrary is a criminal offence in the United States.

Any person who acquires New Shares will be deemed to have declared, represented, warranted and agreed to, by accepting delivery of this document or the Application Form or by applying for New Shares in respect of Open Offer Entitlements credited to a stock account in CREST, and delivery of the New Shares, the representations and warranties set out in paragraph 9 of this Part III.

The Company reserves the right to treat as invalid any Application Form: (i) that appears to it or its agents to have been executed in or despatched from the United States or that provides an address in the United States for delivery of definitive share certificates; (ii) that does not include the relevant warranty set out in the Application Form to the effect that the person executing the Application Form does not have a registered address (and is not otherwise located) in the United States and is not acquiring the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares in the United States; or (iii) where the Company believes acceptance of such Application Form may violate applicable legal or regulatory requirements, the Company shall not be bound to allot (on a non-provisional basis) or issue any New Shares in respect of any such Application Form. In addition, the



Company and the Receiving Agent reserve the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Shares.

Until 40 days after commencement of the Open Offer, an offer, sale or transfer of the New Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirement of the Securities Act.

### **9.3 Jersey**

Pursuant to Article 8(2) of the Control of Borrowing (Jersey) Order 1948, as amended, provided that the number of persons in Jersey to whom any offer for subscription, sale or exchange of securities contained in this document is communicated does not exceed 50, no Jersey regulatory consent is required in connection with such an offer and accordingly, the Jersey Financial Services Commission has not reviewed this document and therefore it takes no responsibility for the financial soundness of the Company or any correctness of any statement made, or opinions expressed herein.

### **9.4 Guernsey**

The Capital Raise is not an offer to the public, and is available, and is and may be made, in or within the Bailiwick of Guernsey, and this document is being provided in or from the Bailiwick of Guernsey only:

- (a) by persons licensed to do so by the Guernsey Financial Services Commission (the *GFSC*) under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the *POI Law*);
- (b) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who (i) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the GFSC, afford adequate protection to investors and (ii) meet the criteria specified in section 29(1)(cc) of the POI Law;
- (c) by reverse solicitation; or
- (d) as otherwise permitted by the GFSC.

This document is not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs and must be not relied upon by any person unless made or received in accordance with such paragraphs.

### **9.5 Isle of Man**

The Capital Raise is available, and is any may be made, in or from within the Isle of Man and this document is being provided in or from within the Isle of Man only:

- (a) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (b) to persons: (i) licensed under the Isle of Man Financial Services Act 2008; (ii) falling within exclusion 2(r) of the Isle of Man Regulated Activities Order 2011 (as amended); or (iii) whose ordinary business activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of their business.

The Capital Raise and this document are not available in or from within the Isle of Man other than in accordance with paragraphs (a) and (b) above, and accordingly, neither may be relied upon by any person unless made or received in accordance with such paragraphs.

### **9.6 Other Excluded Territories**

Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of persons in the other Excluded Territories (i.e. other than the United States) to participate in the Placing and Open Offer due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions. Therefore, subject to certain exceptions, no Application Forms will be sent to, and no Open Offer Entitlements or Excess Open Offer Entitlements will be credited to a stock account in CREST of, persons

with registered addresses in the other Excluded Territories. No offer of or invitation to acquire New Shares is being made by virtue of this document or the Application Form into the other Excluded Territories.

### 9.7 Other overseas territories

Application Forms will be posted to Qualifying Non-CREST Shareholders with registered addresses in other overseas territories and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses in other overseas territories. Overseas Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

**Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements or Excess Open Offer Entitlements.**

#### *(i) Member States of the European Economic Area (other than the United Kingdom)*

In relation to each member state of the European Economic Area (except the United Kingdom) (each, a **Relevant Member State**), none of the New Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements may be offered or sold to the public in that Relevant Member State prior to the publication of this document in relation to the New Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with Regulation 2017/1129/EU (the **Prospectus Regulation**), other than the offers contemplated in this document in a Relevant Member State after the date of such publication or notification, and except that an offer of such New Shares, Open Offer Entitlements or Excess Open Offer Entitlements may be made to the public in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant Member State; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of New Shares, Open Offer Entitlements or Excess Open Offer Entitlements shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any New Shares, Open Offer Entitlements or Excess Open Offer Entitlements or to whom any offer is made under the Capital Raise will be deemed to have represented, acknowledged, and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this selling restriction, the expression an “offer of New Shares, Open Offer Entitlements or Excess Open Offer Entitlements to the public” in relation to any New Shares, Open Offer Entitlements or Excess Open Offer Entitlements in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements to be offered so as to enable an investor to decide to acquire the New Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements.

In the case of the New Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements being offered to a financial intermediary, as that term is used in the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Shares, Open Offer Entitlements or Excess Open Offer Entitlements acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Shares, Open Offer Entitlements or Excess Open Offer Entitlements to the public other than their offer or resale in a Relevant Member State to “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation. The Company and its affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

## **10. REPRESENTATIONS AND WARRANTIES RELATING TO SHAREHOLDERS**

### **10.1 Qualifying Non-CREST Shareholders**

Any person accepting an Application Form or requesting subscription to the New Shares as set out therein represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not accepting an Application Form from within the United States or the other Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given, and (iv) such person is not acquiring New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Shares comprised in an Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in the United States or any Excluded Territory for delivery of definitive share certificates for New Shares (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or (c) purports to exclude the warranty required by this paragraph 9.1.

### **10.2 Qualifying CREST Shareholders**

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedure set out in this Part III represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's submission of a USE Instruction will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction: (i) he or she is not within the United States or any of the Excluded Territories; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Shares; (iii) he or she is not acting on a non-discretionary basis for a person located within the United States or any other Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

The Company may treat as invalid any USE Instruction which: (a) appears to the Company to have been despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which it believes may violate any applicable legal or regulatory requirement; or (b) purports to exclude the warranty required by this section.

## **11. WAIVER**

The provisions of paragraphs 8 and 9 of this Part III and of any other terms of the Placing and Open Offer relating to non-Qualifying Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of paragraphs 8 and 9 of this Part III supersede any terms of the Placing and Open Offer inconsistent therewith. References in paragraphs 8 and 9 of this Part III and in this paragraph 10 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of paragraphs 8 and 9 of this Part III and this paragraph 10 shall apply jointly to each of them.

## **12. TIMES AND DATES**

The Company shall in its discretion be entitled to amend the dates that Application Forms are despatched or dealings in New Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall announce such amendments via a Regulatory Information Service and, if appropriate, notify Shareholders.

### **13. GOVERNING LAW**

The terms and conditions of the Placing and Open Offer as set out in this document and the Application Form and any non-contractual obligations arising out of or in relation to the Placing and Open Offer shall be governed by, and construed in accordance with, English law.

### **14. JURISDICTION**

The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with the Open Offer, this document or the Application Form including, without limitation disputes arising out of or in connection with any non-contractual obligations arising out of or in connection with any of them. By accepting entitlements under the Capital Raise in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the English courts and waive any objection to the exercise of such jurisdiction. Such Qualifying Shareholders also irrevocably waive any objection to the recognition or enforcement in the courts of any other country of a judgment delivered by an English court exercising jurisdiction pursuant to this clause.

## PART IV – INFORMATION ON DELISTING AND AIM ADMISSION

### Consequences of the move to AIM

Following AIM Admission, the Group will be subject to the AIM Rules. Shareholders should note that AIM is self-regulated and the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List.

Shareholders should further note that the share price of AIM companies can be highly volatile, which may prevent Shareholders from being able to sell their Shares at or above the price they paid for them. The market price and the realisable value for the Shares could fluctuate significantly for various reasons, many of which are outside the Company's control. Further, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, will be maintained following AIM Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies and may not provide the liquidity normally associated with the Main Market or on some other stock exchanges. Accordingly, as a consequence of the Company's Shares trading on AIM, the Shares may be more difficult to sell compared with the shares of companies listed on the Official List.

While there are a number of similarities between the obligations of a company whose shares are traded on AIM and those companies whose shares are listed on the premium segment of the Official List, there are some exceptions, including:

- a) under the AIM Rules, prior shareholder approval is required only for:
  - a. reverse takeovers, being an acquisition or acquisitions in a twelve-month period which would (i) exceed 100% in various class tests; or (ii) result in a fundamental change in the Company's business, board or voting control;
  - b. disposals which, when aggregated with any other disposals over the previous twelve months, would result in a fundamental change in the Company's business (being disposals that exceed 75% in various class tests);
- b) under the Listing Rules (which apply to companies listed on the Official List), a more extensive range of transactions, including certain related party transactions, are conditional on shareholder approval and require the publication of a detailed circular;
- c) the regime in relation to dealing in own securities and treasury shares is less onerous under the AIM Rules which, although they contain restrictions on the timing of dealings and notification requirements, do not include requirements as to price, shareholder approval or tender offers;
- d) there are no prescribed content requirements for shareholder circulars or a requirement for such circulars to be approved by the FCA under the AIM Rules;
- e) there is no requirement under the AIM Rules for a prospectus or an admission document to be published for further issues of securities to institutional investors on AIM, except when seeking admission for a new class of securities or as otherwise required by law;
- f) unlike the Listing Rules, the AIM Rules do not specify any required structures or discount limits in relation to further issues of securities;
- g) compliance with the UK Corporate Governance Code is not mandatory for companies whose shares are admitted to trading to AIM. If AIM Admission occurs, the Group will comply with the QCA Corporate Governance Code;
- h) institutional investor guidelines (such as those issued by the Investment Association, the Pensions and Lifetime Savings Association and the Pre-Emption Group), which provide guidance on issues such as executive compensation and share-based remuneration, corporate governance, share capital management and the issue and allotment of shares on a pre-emptive or non-pre-emptive basis, do not directly apply to companies whose shares are admitted to trading on AIM;
- i) the AIM Rules require that AIM companies retain a nominated adviser and broker at all times, but they are not required to have a sponsor. The nominated adviser has ongoing responsibilities to both the Company and the London Stock Exchange;
- j) Numis has agreed to act as nominated adviser and broker to the Company following AIM Admission;

- k) where the Company has a controlling shareholder (as defined in the Listing Rules) it will no longer be required to enter into a relationship agreement with that controlling shareholder or to comply with the independence provisions required by the Listing Rules;
- l) there is no specified requirement for a minimum number of shares in an AIM company to be held in public hands. A company listed on the Official List has to maintain a minimum of 25% of its issued ordinary share capital in public hands;
- m) the Disclosure Guidance and Transparency Rules (other than Chapter 5, in respect of significant shareholder notifications), the Listing Rules and certain of the Prospectus Rules will no longer apply to the Company following AIM Admission. This is because AIM is not a regulated market for the purposes of the EU's securities directives;
- n) companies with a listing on the premium segment of the Official List may only cancel their listing with the approval of 75% of the voted shares and, if the company has a controlling shareholder, must also secure the approval of a majority of the voting independent shareholders (other than in certain limited circumstances). Under the AIM Rules, an AIM company only requires 75% shareholder approval to cancel admission of its securities to AIM and, in certain limited circumstances, the London Stock Exchange may agree that shareholder consent is not required;
- o) Shares are admitted to trading on AIM but not listed. Following the Delisting and AIM Admission, individuals who hold Shares may, in certain circumstances, be eligible for certain tax benefits that only apply in relation to unlisted shares. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether such a tax benefit maybe available to them;
- p) the Delisting may have implications for Shareholders holding shares through a Self-Invested Personal Pension Plan (*SIPP*). For example, shares in unlisted companies may not qualify for certain SIPPs under the terms of that SIPP. Shareholders holding shares through a SIPP should therefore consult with their SIPP provider immediately; and
- q) the requirement under section 439A of the Companies Act 2006 to submit a remuneration policy for a binding vote by shareholders is only applicable to quoted companies listed on the Main Market. A company whose shares are traded on AIM is not subject to the same obligation to submit its remuneration policy to a binding vote of shareholders.

The City Code on Takeovers and Mergers will continue to apply to the Company following Admission.

Following AIM Admission, Shares that immediately prior to Delisting were held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Shares held in certificated form, including those issued in respect of New Shares issued pursuant to the Capital Raise or any Warrant Exercise, will continue to be valid and no new certificates will be issued in respect of such shares following AIM Admission. The Board does not envisage that there will be any significant alteration to the standards of reporting and governance which the Group currently maintains. The Group will maintain its Audit and Remuneration Committees which will be subject to the same terms and conditions.

## PART V – BUSINESS OVERVIEW OF THE GROUP

### BUSINESS OVERVIEW

The Group is a leading provider of tool and equipment hire and related services in the United Kingdom and Ireland. The Group is focused on its technology platforms, the efficiency of its distribution network and the depth of its supply chain network, which the Directors believe to be key differentiators from its competition. Having tested a new operating model in 2020, powered by its technology and enabled by its fulfilment network, the Group is now implementing a transition to a more agile and scalable digitally-driven business.

The business model is built on customers' requirement to outsource the provision and management of tools and equipment, allowing them to focus on their core activities. HSS operates across the entirety of the approximately £4 billion rental market (according to internal Company estimates) serving customers in the 'Build', 'Maintain' and 'Operate' sectors across commercial, industrial, infrastructure and residential end markets. Equipment is provided to customers using a mix of owned equipment and rehired equipment allowing the Group to prioritise its investment in areas providing the highest returns whilst still offering customers a one-stop-shop.

The Group provides products and services that support an essential element of the construction, maintenance and operation of the United Kingdom and Ireland's infrastructure. The availability of appropriate tools and equipment is key to the creation and maintenance of housing projects, schools, hospitals, offices, industry, roads, utilities and other infrastructure. The Group's products and services enable construction firms, maintenance contractors, FM providers, engineers, tradesmen, retailers, factories and DIYers access to tools and equipment they need to be able to carry out their work and complete their projects.

Under the Group's customer-focused business model, from FY18 to FY19, Group revenue grew 1.6%, Adjusted EBITDA grew 6.6% and Adjusted EBITA increased 20.1%.

The Group caters to a large and diversified customer base, comprising over 27,000 "live" accounts ranging from large, blue-chip companies to smaller, local businesses across a range of sectors with over 90% of the Group's revenue generated from B2B customers as at FY19. As at 31 October 2020, the Group operated from over 120 locations, serviced by a delivery fleet of over 450 commercial vehicles and approximately 2,000 colleagues, through a well-established hub and spoke distribution network.

The Group comprises two divisions: Rental and Services. The Rental division involves the provision of equipment from the Group's owned fleet of assets. The Services division provides an extended range of equipment services, via an extensive supply chain, and also provides a comprehensive range of training services. The Directors believe that the combination of these products and services helps to differentiate the Group from its competitors, embed the Group more deeply with its customers and establish a one-stop-shop in order to capture a greater share of its customers' potential spending.

The Group's businesses operating under the Rental division include:

- **HSS Hire**, which provides a range of tools and equipment for hire across over 1,000 product lines in categories including powered access, lifting, heating, cooling, drying, lighting, power, breaking, drilling and site works;
- **ABird** and **Apex**, which combined operate as the Group's specialist provider of temporary power generation and distribution equipment and services; and
- **All Seasons Hire**, which is a heating, ventilation and air-conditioning (*HVAC*) hire company, offering a range of services from small portable units to major temporary installations capable of maintaining heating, hot water and air-conditioning in large accommodation blocks.

The Group's Rental segment accounted for £229.0 million or 70% of the Group's revenue for FY19.

The Group's businesses operating under the Services segment include:

- **HSS OneCall**, which is a capital-light, scalable technology-based business. OneCall is a marketplace consolidating a comprehensive range of services from over 500 suppliers and offering them to thousands of customers and
- **HSS Training**, which is the United Kingdom's leading technical training business offering a range of over 200 industry-recognised technical and safety courses at 47 training venues throughout the United Kingdom and Ireland.

The Group's Services segment accounted for £99.0 million or 30% of the Group's revenue for FY19.

The Directors believe that the Group's HSS brand is the most widely recognised in the United Kingdom tool and equipment hire markets. The Directors also believe that the Group consistently provides a superior customer service proposition to its competitors, with a leading Net Promoter Score (*NPS*), as determined by regular surveys undertaken on behalf of the Group by TNS.

## **KEY STRENGTHS**

The Directors believe that the Group's key strengths are as follows:

### ***Industry-leading Technology Platform***

The Directors believe that the Group has leading technology in five areas:

1. Its customer App, launched in April 2019. The Directors believe this technology is the benchmark in the rental market, with over 50,000 downloads and an Apple Store rating of 4.7 stars. The App is fully transactional and provides customers with track-and-trace and order management functionality.
2. Its driver App, launched in March 2019 alongside the customer App. This is a powerful tool for drivers, providing a schedule of activity, navigation and automated communication with customers. Via real-time dashboards in its transport offices, the Group is also driving improved driver productivity using this technology.
3. The Group's fully transactional website, which is completely integrated with the customer and driver Apps. The Directors believe that the Group's website is industry-leading, as supported by a combination of SEMrush traffic analytics reports that show that the Group has more traffic, more unique visitors and that visitors spend more time on the Group's site compared to its competitors' websites.
4. Its online ordering platform for the Group's OneCall rehire business, "Brenda", launched in April 2019. The technology is essentially an online marketplace providing the Group's OneCall agents with access to equipment availability and pricing from a comprehensive supply chain of rental partners. The technology has driven a 10% improvement in conversion and a 68% increase in productivity, in addition to 100 basis point margin improvement. The Directors believe the technology is unique in the rental market.
5. Its in-house asset management system called Spanner, used by the Group's operations teams, which provides for compliance and equipment safety in the Group's workshops and distribution centres.

The Directors believe the Group's technology platform provides the opportunity to drive enhanced performance and returns for Shareholders. Since March 2020 the Group has seen a 33% increase in online users and a significant shift in orders being placed through digital channels, from less than 10% to 32% penetration. The technology has enabled the company to launch a low-contact click-and-collect offering (currently 23% of contracts fulfilled by click-and-collect) or, as an alternative to branch collections, the option to have kit delivered to site (increased from 52% of contracts raised in the 11 weeks to 28 March 2020 to 65% in the 19 weeks since the launch of click-and-collect in mid-May 2020) which has been well received by customers. The Brenda technology has enabled remote working for the Group's OneCall agents and has now been developed further in to a new point-of-sale platform for all sales colleagues across the Group. This platform, called HSS Pro POS, is due to be rolled out in the fourth quarter of 2020, giving all sales colleagues access to the Group's full range of products and services on a simple to use, device-based platform.

### ***Scalable Business Model***

The Group's Rental division has an established hub-and-spoke logistics network which provides opportunities to find new low-cost sales channels. The Group has recently formed partnerships with several regional builders merchants and established a current network of 23 concessions within these merchants' premises. This is providing access to new customers in addition to proving an alternative operating model built on a lower non-fixed cost base. By maintaining a national footprint using these builders merchant concessions, whilst maintaining full delivery capability across 40 distribution centres, the Group was able to announce the closure of 134 small branches on 8 October 2020, removing significant fixed costs. The Directors believe they have a uniquely flexible growth model that has the agility to respond to fluctuations in demand, something that has been a challenge to the rental market for many years.



### ***Fast-growing Capital-light Businesses***

The fast-growing Services division within the Group can be scaled quickly without capital expenditure. The Directors expect the recently introduced technology platform to accelerate growth in OneCall for several reasons:

- It has improved the supplier experience by providing real-time visibility of contracts and notifications of changes, providing increased conversion rates and improved productivity for their employees;
- It is intuitive and straightforward to use and automates most of the decision-making so that OneCall is no longer constrained by needing experienced equipment rental agents;
- The recent development of HSS Pro POS will put the OneCall offering, which was previously reliant on the call centre team, into the hands of the Group's entire salesforce;
- The platform has been developed so that large customers can have direct access to it. The Directors believe it will be particularly attractive to customers with central procurement teams and will encourage these teams to consolidate their expenditure with the Group; and
- The Directors believe the technology allows for the simple addition of new product verticals beyond the approximately £4 billion (according to internal Company estimates) equipment hire market, allowing the Group to offer consolidated services such as recruitment, inspection or waste removal.

The Directors believe that OneCall also gains a distinctive advantage from its extensive supply chain of over 500 suppliers. They range from large national providers of plant and accommodation, to small local and often specialist suppliers of highly technical equipment. The depth of the supply chain allows OneCall to fulfil the majority of customer rental requirements, providing a one-stop-shop solution and significant customer loyalty

In addition to OneCall, the Group's Training business still has a significant opportunity to cross-sell into the Groups extensive customer base. The Training business also has the potential to extend its partner network and deliver a wider range of training services to the Group's customers, potentially leveraging the new OneCall technology platform.

The success of the Group's Services division, together with its general philosophy to prioritise capital expenditure on hire assets that drive the best return, contributed to the Group's return on capital employed increasing from 16.7% in FY18 to 20.8% in FY19. Over this period the Group increased its Adjusted EBITDA margin from 18.6% in FY18 to 19.5% in FY19.

### ***Well-recognised Brand***

As of 28 December 2019, the Group had an NPS of 45, as measured by TNS. The Directors believe the Group's NPS score is the market leading score amongst major United Kingdom tool and equipment hire providers. The Group's website, HSS.com, has market leading levels of traffic and the Group's customer App has market leading download rates and Apple App Store ratings.

With a trading history in excess of 60 years, in addition to investment in brand positioning, the Directors believe the Company's brand awareness is a significant advantage. The Directors believe that brand and customer reach is also a key factor in the attractiveness of the Group's OneCall business to its rehire supply chain partners.

### ***Long-term structural growth drivers***

There is an ongoing trend amongst customers to outsource equipment management, which the Directors believe typically amounts to less than 3% of a customer's cost base, so that they can focus on their core activities. The Directors believe this trend is likely to be supported by the current economic environment as many companies look to rationalize their head-office functions and focus on core activities.

The Directors believe that legislation is another key driver of the outsourcing trend, with tightening compliance frameworks leading to a stronger desire to outsource responsibility to an expert. Additionally, demand for training services is increasing.

Furthermore, the Directors believe that within this outsourcing trend there is an increasing demand to rationalise the number of suppliers of rental equipment, which the Directors expect to inevitably benefit the larger players such as the Group. The Directors believe that the Group is particularly well positioned to take advantage of this, given the strength of its Services division offering, the "one-stop-shop" proposition of

OneCall and the opportunities created by the Brenda technology platform to add bolt-on product verticals to this online marketplace.

### ***Attractive market dynamics***

The Group operates in a fragmented market with the opportunity to grow share significantly. The Group currently has an 8% market share and the top-five national players account for approximately 40% of the total market, according to internal Company estimates. Approximately half of the market is covered by small, one or two branch, independent operators.

The Directors believe that, historically, there has been a lack of differentiation amongst the top-five national players, but with the Group's mix of distribution network, strengthened Services division and the recent investment in its technology platform, the Directors believe the Group is now well differentiated, providing a significant opportunity to grow market share and strengthen customer loyalty. The Directors believe that the majority of smaller independent hire companies do not have the resources to develop the technology to compete with the Group's advancing digital proposition. The Directors are expecting some of its national competitors to follow the Group's digital strategy but believe that there is a minimum 18-month development timeframe which will allow significant first-mover advantage to be established.

The rental market customer base is also structurally attractive, being particularly fragmented. The Directors believe the Group is better placed than many of its competitors, given its relatively low reliance on its largest customers. In FY19, the Group's top 20 customers accounted for less than one quarter of revenues. The Group has over 27,000 "live" accounts, ranging from customers it classifies as key accounts that offer the potential to contribute over £500,000 a year in revenue; regional customers that typically contribute between £10,000 and £500,000 a year in revenue; and local customers that typically contribute less than £10,000 a year in revenue.

The Group operates across a diverse set of end markets in Commercial, Industrial, Residential and Infrastructure sectors, both new build and RMI, and both private and public investment. The Group's customers' businesses range from construction, facilities management to retail and commercial fit-out, property, utilities and waste, infrastructure and energy services markets.

### ***Incentivised and engaged team***

The Group's senior management team is led by the Group's chief executive officer, Steve Ashmore, who joined the Group in 2017, and has extensive leadership experience having held a number of senior roles at Exel, Wolsely and Brammer. The current management team has been in place since 2017 and achieved a record level of EBITDA in FY19 for the second year in succession. The Group's management incentives, which are being reviewed by the Board as part of the Capital Raise, are aligned with its long-term goals, with the Directors holding personal levels of equity.

The Group's latest Colleague Engagement scores show continued improvement and are significantly above the United Kingdom benchmark. Feedback received by the Group indicated that new technology is making jobs easier and helping to unleash potential.

## **STRATEGY**

At the end of 2017, the Group announced the findings of a strategic review which set the basis for its business going into 2018. The Group engaged an independent third party to work with management to undertake the most extensive strategic review of the business in its history. The review was wide ranging in scope and involved analysis of 20 million contract lines, more than 35,000 customers, 1,600 products and more than 240 locations. The Group focused on a number of areas including profitability, the cost of its operations, processes it has in place and the market opportunity.

Following this strategic review, the Group set out its new strategy in December 2017. This set out its three key strategic priorities: de-lever the Group, repair the tool hire business and strengthen the Group's commercial proposition. These priorities remain unchanged following the COVID-19 pandemic, albeit with a nuance from *repair* the tool hire business, to *transform* the tool hire business, following a successful transformation programme in 2018.

### ***De-lever the Group***

Since the 2017 strategic review, the Group has reduced its total leverage from 4.8x as at the end of FY17 to 3.3x as at the end of FY18 through improved Adjusted EBITDA and a continued focus on working capital management. Key components to this improvement were the successfully implemented network

changes in 2018 and the reduction in central costs through improving efficiencies and systemisation in the Group's support functions. The Group continues to focus on reducing its leverage below 3.0x. In FY19, the Group achieved a further reduction in leverage to 2.8x as a result of improved EBITDA, efficient working capital management and the use of proceeds from the sale of UKP.

Whilst the recent impact of COVID-19 has led to an increase in leverage, the actions taken by management to improve liquidity since the beginning of 2020 have enabled the Group to meet its senior debt covenants to date in 2020. However, the Group's debt and leverage levels are likely to remain higher than the ideal for a prolonged period given the current COVID-19 and economic backdrop and, without the Capital Raise, the covenants would likely be breached when tested at the end of 2020. For more information, see "*Risk Factors— If the Capital Raise does not successfully complete, the Group may breach its existing financial covenants, which could ultimately lead to a large reduction in shareholder value and result in the Group having insufficient capital to maintain its business*". The Directors believe that the proposed capital restructuring of the Group will allow for strong liquidity, reduced leverage and significant headroom to its facilities going forward and enable the Group to maximise the benefits of its strategy, including the acceleration of certain initiatives.

### ***Transform the Tool Hire business***

The Group returned its Tool Hire business to profitability in FY18 through a combination of actions, focusing on three opportunity areas: customers, products and branches. The Group continues to make significant progress on all three fronts, including targeted profitability improvement with several of the Group's biggest customers, the introduction of branch P&Ls and profitability-based incentives, and investment in the commercial decision-making support for branches. Product price increases have been implemented combined with improved discount controls. Additionally, the Group is targeting product investment at its most profitable categories, enabled by enhanced insight from its new reporting tools.

The Directors believe that there are further opportunities for profitability improvement with customers, such as smart pricing, and products, such as further prioritization and rationalisation.

In terms of the operating model, the Directors have executed a plan over the course of 2020 that will significantly reduce the fixed costs of the tool hire business. During the COVID-19 pandemic, the Group has operated with just 20% of its branch network open and yet has returned the business to over 90% of prior year revenues as at 30 September 2020. This has been enabled by the Group's technology (e.g. click-and-collect, digital channels), the strength of the Group's distribution network (40 CDCs) and successful trials in alternative sales models (such as virtual sales colleagues and concessions within builders merchant partners). Following these trials, the Group has closed 134 locations and reduced headcount by approximately 300 colleagues in October 2020, removing over £15 million of cost.

### ***Strengthen the Group's commercial proposition***

Following a customer segmentation exercise in 2018, involving extensive market research, one-to-one competitor analysis and input from branches and senior management, the Group established a clearer view of its customer segments, their particular requirements and how well positioned the Group was against its competition to meet these requirements. As a result of the findings, the Directors decided to prioritise the investment in technology so that they could transform the Group's digital offering and transform its OneCall rehire proposition into a more scalable technology-led business with seamless customer experience. This work, involving the launch of the HSS customer and driver Apps and the launch of the new technology platform for OneCall ('Brenda') has provided significant benefits. It is now enabling the Group to transform its operating model and remove significant fixed costs associated with its branch network whilst maintaining a national presence.

This final element of the Group's strategy requires the Group to embed the transformation of the commercial proposition of the Group into a scalable, capital-lighter proposition with a leading customer-centric digital offer. The Directors believe this will set the Group apart from the rest of the rental market and will deliver enhanced returns for Shareholders.

In line with the Group's strategy to become a more agile, digitally-led business, and following the changes in customer behaviours witnessed during the COVID-19 pandemic, the Group has permanently shut 134 branches in 2020, for which the Group made provisions on 7 October 2020. Discussions with landlords are ongoing regarding amounts owed under the leases for the branches to be closed (Dark Store Liabilities) which have an average lease length of 2.39 years. The Directors are encouraged by the progress of these discussions and confirm that the Group is on track to achieve a reduction of at least 75% in its Dark Store Liabilities in the coming months, the benefits of which are expected to impact on the outer years of the

lease terms. As at the date of this document, agreements in principle have been reached on approximately 57% of 134 closed branches, subject to documentation.

## **HISTORY OF THE GROUP**

The Group has been providing tool and equipment hire for over 60 years, initially from a single location which was subsequently named The Hire Services Company. The Group expanded to six shops by the late 1960s, when it was acquired by the scaffolding conglomerate, Scaffolding Great Britain, and merged with its eight tool rental shops to form Hire Service Shops Limited or HSS Hire. The Group continued to grow organically and by acquisitions and was ultimately acquired by 3i in 2004. In 2007, the Group was acquired by a consortium of investors including Och Ziff and Perry Capital and continued its focus on implementing operational efficiencies and growing its customer base.

In October 2012, the Group was acquired by Exponent. Under the ownership of Exponent, the Group continued to invest in its distribution network, technology platforms and in strategic accretive acquisitions that support the Group's organic growth plan. These include the acquisition in 2012 of ABird (a provider of temporary power generation facilities); in 2013 of UKP (a specialist powered access provider) and the trade and assets of the Irish division of MTS (a visual signboard company based in Ireland); and in 2014 of Apex (a provider of temporary power generation facilities based in Scotland) and the trade and assets of the United Kingdom division of MTS.

In 2015, the Group was listed on the London Stock Exchange and acquired the United Kingdom HVAC hire company, All Seasons Hire. In 2017, the Group completed its comprehensive strategic review and appointed Steve Ashmore as CEO.

In 2018, the Group began its network reconfiguration and cost reduction programme (leading to improved availability, reducing annualised costs by approximately £11 million and delivering central efficiencies of approximately £3 million to £4 million during 2019), as well as a refinancing that involved £245 million in new debt facilities. In 2019, the Group disposed of UKP, launched HSS App and launched a new rehire platform in OneCall.

## **THE GROUP'S OPERATIONS**

The Group is a leading supplier of tools and equipment for hire in the United Kingdom and Ireland and has provided equipment hire services in the United Kingdom for more than 60 years, primarily focusing on the B2B market. The Group's purpose is to equip its customers with the tools, equipment, training and related services that enable the construction, maintenance and operation of the United Kingdom and Ireland's commercial, industrial and residential infrastructure. The Group's services provide a key element of project completion. Its products and services assist with the creation and maintenance of housing projects, schools, hospitals, offices, industry, roads, utilities and other infrastructure by construction firms, maintenance contractors, FM providers, engineers, tradesmen, retailers, factories, DIYers and many others.

Alongside traditional equipment hire, the Group offers a range of complementary, value-added services through its various businesses, including HSS OneCall and HSS Training. The Group offers specialist rental equipment under its brands ABird, Apex and All Seasons Hire.

The Group has a well-invested hire fleet comprising a broad range of tools and equipment, and through its HSS OneCall business, the Group has the ability to procure products from third parties that it chooses not to hold in its own fleet. This allows the Group to focus its investment on what it views as its core fleet range where the Group experiences the greatest demand and most attractive financial returns.

A core part of the Group's operating process is the testing of all equipment that is returned to it by customers. The testing process, which the Group refers to as "test and run", is carried out on all of the tools and equipment returned from hire. Maintenance of the Group's equipment is carried out by its team of specially trained fitters and engineers, ensuring that a product is made available for hire once repaired to its full working condition.

## **BUSINESSES AND SERVICES**

HSS operates across the entire approximately £4 billion rental market (according to internal Company estimates) serving customers in the 'Build', 'Maintain' and 'Operate' sectors across commercial, industrial, infrastructure and residential end markets. The rental market in which HSS operates serves a diverse set of requirements, including plant, with a market of £2.1 billion; tools, with a market of £1.1 billion; powered access, with a market of £450 million; power generation, with a market of £350 million; and

accommodation, with a market of £300 million. Equipment is provided to customers using a mix of owned equipment and re-hired equipment allowing the Group to prioritise its investment in areas providing the highest returns whilst still offering customers a one-stop-shop.

**Rental segment**

The Group performs its Rental segment under HSS Hire and its specialist businesses (ABird, Apex and All Seasons Hire).

HSS Hire..... Under its HSS Hire business, the Group offers an extensive range of tools and equipment across over 1,000 product lines driven by customer demand. The Group ensures that its equipment is well maintained, fully compliant with health and safety requirements and ready to use. Customers have traditionally placed orders for the Group’s products and services through its branches, its customer service centre, online or through its dedicated account managers. Customers are increasingly placing orders over the phone, email and digital channels rather than in branch, and there has also been a recent shift to low-contact click-and-collect transactions.

ABird, Apex and All Seasons Hire..... ABird is the Group’s specialist provider of temporary power generation and distribution equipment and services. The Group operates under the Apex brand in Scotland. Through ABird and Apex, the Group offers a comprehensive range of temporary power generation services. All Seasons Hire is a HVAC hire company operating in the United Kingdom

The Group’s Rental segment comprises rental income from HSS Hire-owned tools and equipment and directly related revenue, such as resale of consumables, transport, loss, damage and other ancillary revenues. The Rental segment serves the very fragmented £1.9 billion market, according to internal Company estimates, for small tools, power generation and powered access, via a combination of HSS Tool Hire, ABird, Apex and All Seasons Hire. The Rental segment has a national network of distribution centres, almost 200 smaller branches and a wide range of compliant equipment.

**Services segment**

The Group provides its Services segment under HSS OneCall and HSS Training.

HSS OneCall ..... Under its HSS OneCall business, in response to customer demand, the Group works with a network of partners to source equipment that the Group does not typically hold as a part of its hire fleet. A dedicated in-house team of approximately 70 colleagues provides advice and manages orders through the Group’s branches or through its contact centre, under a single contract and single invoice. In 2019, HSS OneCall had over 1,000 product lines, serving more than 7,000 customers. The Group’s OneCall suppliers are vetted against a range of quality, reliability and health and safety criteria before being put on an approved supplier list.

HSS Training ..... The HSS Training business is the Group’s specialist training service, offering over 200 industry-recognised technical and safety courses at 47 training venues throughout the United Kingdom and Ireland. Under HSS Training the Group is able to offer bespoke courses. HSS Training is the market leader based on PASMA, IPAF and Ladder Association league tables.

The Group’s capital-light Services segment complements its Rental business and comprises income from HSS OneCall and HSS Training. The fast-growing HSS OneCall business allows the Group to serve the £4 billion United Kingdom hire market (according to internal Company estimates) with over 1,000 additional products without the requirement for capital investment. The Services segment has a network of over 500 accredited suppliers, and, the Directors believe it is inherently scalable. The fast-growing HSS Training business offers customers a national training solution for their employees, predominantly servicing the, according to the Group’s internal market analysis, approximately £328 million United Kingdom health and safety training market.

## Equipment

The Group's range of equipment includes over 1,000 product lines in categories including powered access, lifting, heating, cooling, drying, lighting, power, breaking, drilling and site works.

## Customers

The Group seeks to operate a customer-led business, focused on delivering products and services driven by its customers' demands and requirements. The Group has a large and diverse customer base including large key accounts in the "build", "maintain" and "operate" portions of the hire equipment market; regional contractors; local trades and consumers. A significant number of the Group's customers are generalists who move their focus based on where they find new business and therefore have variable equipment needs. The Group categorises its customers into three broad categories:

- Key customer accounts who typically contribute a minimum of £100,000 a year in revenue to the Group. These customer accounts usually have complex equipment requirements and operate multiple sites across the United Kingdom and Ireland. They are managed by one of the Group's dedicated key account managers/directors, with ultimate accountability for these customers assigned to either the Group Managing Director or Chief Commercial Officer. The Group's key customer accounts are also supported by a specific support team in its call centre or a dedicated desk in its customer premises. For FY19, key customer accounts comprised approximately 42% of the Group's revenue.
- Regional customer accounts who typically contribute between £10,000 and £100,000 a year in revenue to the Group. These customer accounts are managed by an area sales manager, with ultimate accountability for these customers assigned to the Group's regional directors. For FY19, regional customer accounts comprised approximately 24% of the Group's revenue.
- Local customer accounts and cash customers who typically contribute less than £10,000 a year in revenue to the Group. Local customer accounts are managed by one of the Group's sales colleagues with the ultimate accountability for these customer accounts assigned to a regional sales manager. The Group's cash customers, approximately 230,000 cash customers per annum, who comprise a mix of local trades and consumers typically transact over the phone, via email, using the Group's App, using the Group's website and, less frequently, at the counter in one of the Group's local branches. For FY19, local customer accounts and cash customers comprised approximately 25% and 8% of the Group's revenue, respectively. During the COVID-19 pandemic the Group has seen a significant shift towards click-and-collect transactions amongst these local customers.

The Group takes a disciplined approach to pricing using a structured and delegated authority matrix. Customer pricing is mainly set as a discount to list prices. In the first instance, the Group agrees prices with its account customers and holds them in its operating system. In general, longer term contracts attract higher discounts than short-term contracts and the Group's key and regional customers benefit from better pricing terms owing to volume discounts. The Group's Trading Director and a small Trading Desk team maintains strict scrutiny of pricing and closely tracks the discounts that it offers. This team also supports all sales colleagues with advice and guidance on pricing.

The Group has collaborated with some of its customers to develop a supply chain model whereby they promote the Group as a preferred supplier to their sub-contractor base on commercial terms and service levels that have been agreed in advance.

The Group's customer base is very fragmented, with just one significant customer contributing more than 2% of the Group's revenue in FY19. This managed service customer accounts for approximately 10% of Group turnover. However, the majority of this revenue is fulfilled using the Group's rehire supply chain and therefore has 100% variable costs associated with it. A small proportion of this customer's revenue is served from directly supplied equipment, and there is therefore very little risk to the Group's fixed cost base.

## Logistics and Operations

The Group fulfils customers' requirements by a combination of equipment delivered from its own fleet across the UK and Ireland and via its supply chain of over 500 rehire partners. The remaining revenue was fulfilled by a network of approximately 180 small branches, prior to March 2020, that serve as a collection point for customers to take products. The small branch fulfilment channel has been in decline for several years and following the COVID-19 pandemic, is now less than 5% of contracts. The specialist businesses Abird, Apex, ASH and Laois operate from a small number of sites; a combination of CDCs shared with the core HSS Hire business and 8 dedicated specialist locations.

Following the UK Government’s lockdown measures announced on 23 March 2020, the Directors of the Group took the decision to close all of the Group’s branches on a temporary basis at the time. The Group received confirmation that it was classed as providing critical services to the economy and as such the Group kept its CDCs fully operational. During lockdown the Group launched a low-contact click-and-collect service to customers which helped drive a recovery in customer activity. The Group also witnessed a significant change in customer behaviours, with over 30% of customers ordering through the Group’s digital channels, as compared to below 10% prior to the pandemic. As economic activity increased and revenue recovered throughout 2020, the Directors decided to keep the majority of the Group’s branches closed and instead promote its click-and-collect service alongside its digital channels.

During the pandemic, the Group has also accelerated trials of new builders merchant concessions, another alternative to leased properties that offers a reduction in fixed costs, whilst still providing national coverage. The Group currently has 23 concessions open with a total of 8 builders merchant partners, with 2 further concessions in progress and plans to extend this to 35 in the first half of 2021.

The Group has seen a recovery in revenues to over 90% of FY19 revenue, with only approximately 20% of locations open. As such, the Directors have taken the decision to permanently close 134 locations across England, Wales, Scotland and Northern Ireland, and in association reduce headcount by approximately 300 colleagues. This will provide over £15 million of net savings to the Group’s fixed cost base.

The resulting network comprises the Group’s existing CDCs, a small number of retained local branches in the most profitable markets and an expanding network of builders merchant concessions. The remaining operating model still provides national coverage and is shown in the map below:



**Engineering**

Maintenance and repair of the Group’s equipment and tools are critical to maintaining the availability of the Group’s hire fleet and maximising the rate of return on the Group’s asset base. Maintenance and repair of the Group’s hire fleet are managed at the Group’s CDCs. Tools and equipment collected from, or returned by, a customer at the end of their hire period are tested according to a mandatory system-controlled process on the Group’s main operating system, Spanner, which aims to ensure quality and safety for the next customer. A product requiring repair or maintenance is sent via the Group’s distribution network to one of the Group’s CDCs for work by a team of specially trained fitters and engineers who assess the product and, if economically viable, restore the product to its full working condition. Products are prioritised to meet seasonal or specific customer demand and, therefore, return on assets.

The Group also employs a team of approximately 60 mobile engineers who are deployed to customer sites to maintain and test larger equipment, returning it to working order. The mobile engineering team is equipped with vans which mirror the workstations of a fitter within a branch, including Spanner, to achieve consistent quality wherever the repair takes place. Mobile engineers are targeted on their “first fix” rate,

meaning that equipment is repaired for a customer on their full visit, rather than needing to go back with specific parts or other specialist expertise.

The Group has engaged Unipart since 2013 to manage spare parts on its behalf. Unipart works with suppliers to maintain and operate a centralised spares warehouse at its facility in Oxford that is designed to enable timely delivery of parts akin to the processes used in the automotive sector.

### **Suppliers**

The Group constantly reviews its equipment fleet to ensure that it is sourcing the right products to meet customer demand. The Group purchases its core hire fleet from more than 500 suppliers, with the majority of its hire fleet being sourced from a core group of 20 to 30 strategic suppliers, with the overwhelming majority based in the United Kingdom. Many of the products supplied by these United Kingdom suppliers are, however, sourced from Europe. The Group has long established relationships with its key suppliers for new equipment as well as replacement parts to support its ongoing fleet maintenance. In some of its key equipment categories, notably powered access, power generation and breaking and drilling, the Group has developed strong relationships with certain key suppliers.

The Group selects its equipment suppliers based upon quality, the price of their product, technical support and availability of spare parts. Its HSS OneCall suppliers are chosen based on their product quality, reliability and service levels with respect to availability, delivery, collection and administration. The Group maintains a broad supplier base in order to seek to maximise fleet availability to meet its customer demand.

### **Information Technology**

The Group has a range of IT solutions which are designed to both support its customer proposition and enhance operational efficiency. The Group has a fully integrated IT platform that provides total stock and fleet visibility. In many cases the customer facing IT systems are given a user friendly interface into the Group's operating system, Spanner, such that information is provided in real time and in line with the Group's commitment to provide transparent information to customers. Recently, the Group's One Call business has developed an integrated propriety trading platform 'Brenda' to manage all rehire transactions, providing interfaces for both customers and suppliers. A further extension of 'Brenda' is in test which will create a new point-of-sale (POS) system allowing colleagues to raise both rehire and core contracts through a web-based portal.

Through its brand specific websites, the Group offers all of its customers information on its products and services, as well as information on its extensive click-and-collect and branch network. HSS.com provides full online transactional capability and works alongside the HSS App which also provides customers access to order tracking, account information and click-and-collect scheduling. The Group's fully transactional website has market leading levels of site traffic and unique visitors, and visitors spend significantly more time on it, when compared to its primary competitors in the equipment rental market. The Group's specialist businesses, ABird, Apex and All Seasons Hire, also have branded websites containing a wide range of tools specific to the product set and customer base including, for ABird, access to its RFM enabled Smart Equipment where customers can view the performance of a generator, monitor usage and order fuel remotely from desktops, tablets or mobiles. HSS Training also has a fully interactive online booking and course scheduling capability, and the Directors believe the system supports customer retention by also serving as a full training records system. Approximately 30% of HSS Training revenue is generated from bookings made online. All of the Group's websites are supported by a social media strategy, extending customer communication via Facebook and Twitter.

The Directors believe the Group has historically stayed ahead of competitors in the online space and has an integrated e-commerce platform to support all of the Group's brands. The website is based on the principles of best practice for consumer websites and is built on a Hybris platform. Customers are able to hire tools and equipment online from both core HSS equipment categories and specialist brands in one transaction, which the Directors believe increases cross selling as well as present upselling opportunities. In addition, the system provides account management and reporting capabilities, which aims to reduce costs for customers by allowing them to manage the volume and duration of equipment on hire. The website is mobile-device enabled, allowing customers to access it via their mobile phones or tablets, as well as their laptops or desktop computers.

Spanner has been developed in house, and the Group supplements its core applications with a range of packaged, outsourced and bespoke systems in order to provide the Group with additional functionality. Spanner plays a critical role in the operation of the Group's distribution network, all equipment maintenance



processes and records and all customer transactions. This creates an extensive history of information of customer behaviour and asset performance that provides a rich source of operating and sales data that the Group leverages to drive decision making and strategy. At the point of sale, either through Livehire, in a branch or through the customer service centre, Spanner will automatically locate the nearest distribution centre to the customer with the product availability to execute an order. All deliveries are then routed automatically via the Group's overnight distribution network. By acting as the asset management system for the Group, Spanner is also used by colleagues to check that the correct hire fleet is available in its selling branches for customer pick up.

All delivery drivers are now equipped with the HSS driver App. This allows deliveries to be tracked real time and therefore keep customers notified of both collection and delivery times. In addition, the App allows customers to sign on screen for event verification and captures images of delivery and collection events. All transport offices have access to a Transport portal where driver activity can be monitored.

The Group's business critical systems have resilient hardware, business continuity plans and, where required, third party support contracts. Its systems operate over a resilient communications network with all key operating sites having back up communication facilities and ongoing network monitoring to minimise operating disruptions. The Group's key IT infrastructure is also spread over a number of sites to improve overall resilience and to provide disaster recovery capability.

The Group's IT systems are supported by a team of approximately 32 colleagues who provide day to day management of the IT servers and databases, desktop, network and voice/data infrastructure, along with developing and supporting the portfolio of the Group's business applications. In addition, the Group's IT function has a team of approximately 11 colleagues who deliver both IT and non-IT operational support together with support for a variety of business led projects. The Directors believe that the Group's in-house IT expertise allows continuous enhancements to the operating system in order to drive customer focus and productivity.

## **SALES AND MARKETING**

The Group is a direct selling organisation that leverages relationships with customers across all of its divisions. The Group's distribution network focuses on fulfilment, enabling all sales colleagues to fully concentrate on further developing these customer relationships and subsequently on driving sales, instead of also having to manage transport and maintenance of equipment, as in traditional equipment hire business models. All sales colleagues are also incentivised to maximise the significant cross-selling opportunities that exist across the Group companies. The Directors believe that there is still significant opportunity to cross-sell the range of the Group's products and services to more customers, increasing share of wallet and strengthening customer loyalty.

Small local customers are managed by sales colleagues based either working from home or in branches. These colleagues receive enquiries, raise orders and pro-actively manage account relationships. Larger customers are managed by field-based colleagues, either area sales managers with a regional portfolio or key account managers with a national portfolio across more complex customers. They traditionally visited customer offices and sites but are increasingly conducting meetings using video conferencing technology. There are also specialist sales forces for the technically more challenging specialist business, ABird, Apex, HSS OneCall, All Seasons Hire and HSS Training. These colleagues work alongside sales colleagues in the core HSS business to maximize cross-selling opportunities. The Group also has a small number of onsite facilities to serve the major build and fit out projects in Central London supported by a small team of on-site field-based sales colleagues.

Sales colleagues are also supported by targeted marketing campaigns that communicate what the Directors believe are the Group's unique selling points using increasingly online channels. Through focused market research, the Group's marketing team positions the Group's brands, helps develop new business propositions and communicates with customers regarding the Group's services, products and innovations. These communications are generally specific to sector and brand but also support the Group's sales force in facilitating cross selling. The marketing team also seeks to protect the HSS brand through maintenance of a press office and guidelines on brand use.

## COLLEAGUES, COLLEAGUE TRAINING AND DEVELOPMENT

### Colleagues

The table below sets out the Group's average monthly number of colleagues for the periods indicated.

	52 week period ended		
	31 December 2017	29 December 2018	28 December 2019
Distribution .....	566	528	518
Inventory maintenance .....	391	375	294
Administrative .....	2,109	1,883	1,803
Total .....	3,066	2,786	2,615

However, following an internal restructuring in October 2020, the Group reduced its headcount by over 300 colleagues, primarily in relation to the closure of 134 branches. As at 2 November 2020, the Group had approximately 2,000 colleagues.

Colleagues are distributed among the Group's, regional and branch level locations, with the vast majority being employed at branch level. The Group also has approximately 120 sales representatives on the road, organised in teams aimed at key accounts, regional customers and specialist customers.

In 2019, the Group adopted a set of Company values aimed at retaining and emphasising the positive elements of the Group's culture in a way that would provide colleagues with clear guidance on the behaviours that drive performance. The values are as follows:

- Make it Safe
- Make it Happen
- Make it Better
- Make it Together

The Directors believe that HSS colleague behaviours drive customer outcomes and loyalty and ultimately enhance profitability and Shareholder returns. The new values framework was designed to support colleagues, drive positive behaviours and create a sense of pride and belonging in HSS Hire. The values have been weaved into the Group's performance management framework, leadership behaviours programme and engagement strategy. The Directors take every opportunity to reinforce these values via the vast range of colleague engagement activities.

None of the Company's colleagues are covered by a collective bargaining agreement or represented by a labour organisation. To date, the Group has not experienced a labour-related work stoppage. The Directors believe that the Group's relations with its colleagues have been and continue to be good. The Group's last colleague engagement survey, carried out by a third party in the fourth quarter of 2019, produced a colleague engagement score of 72%, compared to the national average of 60%.

### Colleague Training and Development

The Group regularly benchmarks market rates and seeks to ensure a competitive pay and benefits package. It focuses on building the right working environment for its colleagues. Training for colleagues is provided at all levels to build capability and improve compliance. Training is job related and behaviour focused, all through blended learning to support the sales skills, technical customer service, operational and systems skills required to service its customers. Alongside, the Group offers structured needs-based training and development programmes to its colleagues through its team of in-house learning and development specialists, who supply specific product training. The Group also operates an apprenticeship programme for fitters across its workshops to ensure it develops and maintains a broad-based pool of technical skills within the business. The Group also organises a programme with its drivers for Driver Certificate of Professional Competence accreditation and support professional skills development for a number of its head office colleagues in accounting, credit management, marketing and human resources.

Colleague engagement surveys are conducted, with actions taken as a result of the feedback. Integral to enabling delivery of the Group's strategic goals are a series of people-related projects. These projects are aimed at colleague retention and engagement including embedding Group values, targeted management development, expansion of apprenticeships and increased communications at all levels. These are managed and monitored through a clear governance structure. For example, in response to feedback from its 2018 colleague engagement survey, the Group introduced development training for its operations and transport managers, aimed at improving management styles and colleague engagement. The programme includes modules designed to improve the skill sets of managers in key areas relating to managing a team, such as recruitment processes, driving performance, effective team communications and commercial awareness, amongst others. In FY19, the Group delivered almost 2,000 classroom courses, as well as over 16,400 e-learning courses on a variety of topics designed to support its employees in their roles, as well as developing their careers and skill sets.

## **HEALTH AND SAFETY**

Safety is one of the Group's primary customer values. The Group is committed to ensuring that health and safety is "what we do around here" and has implemented an ongoing safety programme designed to ensure safety "ownership" through every colleague. This has resulted in an ongoing reduction in accidents. For FY19, the Group's Riddor accident frequency rate reduced by 41%, as recorded in the accident reporting system managed by the health, safety, environmental and quality (**HSEQ**) team, for a total of 11 accidents in FY19, as compared to 19 accidents in FY18. Colleagues are also required to record all "near misses" as well as accidents in order to inform decisions regarding colleague, customer and community safety. The Group has regional safety forums which allow its sales and operations colleagues to feed back on all areas of health and safety, property, work wear, communications and more. The feedback is discussed in sessions attended by heads of departments, as well as Steve Ashmore, CEO, and Tom Shorten, Chief Commercial Officer. This feedback then impacts initiatives throughout the year to improve colleague wellbeing. These sessions are supported by the Group's Health and Safety forums, held every two months with the executive team to ensure these activities and initiatives are led from the top and that senior management team understands the challenges and suggestions from the Group's colleagues.

New colleagues are given induction training which includes specific training on health and safety procedures and protocols. Furthermore, the Group ensures that colleagues who perform potentially hazardous tasks (for example, the testing of lifting equipment) are competent to do so on the basis of appropriate education, training and/or experience. The Group uses competence control systems through its operating system which locks out colleagues who are not trained on high hazard tasks for tasks that may involve such exposure.

Companies within the Group are certificated to ISO:9001:2015 (Quality), ISO:14001:2015 (Environment) and ISO:45001 (Health and Safety) standards. Further certifications (specific to safety) held include the hire industry specific "Safe Hire" Award from Hire Association Europe (HAE), RISQS (the Railway Industry Supplier Qualification Scheme), SSIP (Safety Schemes In Procurement) and CHAS (The Contractors Health and Safety Assessment Scheme). The Group is a member of IPAF (the International Powered Access Federation) and hold the IPAF Rental+ Bronze Safety Award, and are also members IOSH (the Institute of Occupational Safety and Health) and PASMA (the Prefabricated Access Suppliers and Manufacturers Association), amongst other bodies which define standards for the safe maintenance and operation of equipment

All equipment is assessed for safety and tested prior to every hire to ensure it is fit for purpose. It is then provided with a safety service checklist and operating and safety instructions before being made available for hire. A dedicated HSEQ team works to ensure that safety standards are being met including colleagues and customers on targeted actions such as risk assessments, training and accident investigations. All divisions of the Group encourage regular external audits of the Group's health and safety performance, these include audits conducted by a UKAS approved certification body, The HAE, as well as a number of strategic key account customers.

The HSEQ department operates a team of qualified Health & Safety professionals who provide information, guidance and awareness on all HSEQ matters, procedures and legal requirements covering the tool hire industry.

### ***COVID-19 safety***

In response to the spread of COVID-19, the Group began implementing changes to its operating procedures from early March 2020. The Group invested in additional home-working equipment, such as laptops, and began trials of home-working for all office-based employees in early March. These trials were successful

and allowed the Group to implement home-working across the board for head-office colleagues when the UK Government announced its lockdown measures on 23 March. On that date, the Group closed all branches across the group (187 locations), maintaining a network of 40 CDCs so that the requirements of critical customers could be maintained. This was in line with permission granted by the Secretary of State for Business, Energy and Industrial Strategy to continue operations under key worker status, confirmed in writing on 31 March. The Group provides products and services for a number of critical sectors, such as health, education, telecoms, utilities and infrastructure.

In the HSS locations that remained open the Group implemented stricter hygiene procedures across all of its locations alongside social distancing measures, such as barriers and screens for customers. In May 2020, the Group accelerated the launch of its click-and-collect service, providing a low-contact solution for customers. With regards to deliveries, operational processes have been changed, including the removal of the need for customers to sign on glass.

Support is in place for colleagues who need to self-isolate. Work patterns were changed to support remote working, especially for those colleagues with underlying health conditions or dependents, for which shielding measures were introduced early in March.

More recently, the company has fully embraced procedures required to enable adherence to the government's track-and-trace policies.

## **INTELLECTUAL PROPERTY**

The Group owns the rights to its most important trademark, "HSS Hire", along with all of the other trade names under which it operates, as well as the accompanying logos and images. Its core intellectual property consists mainly of certain trademarks and trade names that the Group owns. Trademarks of acquired businesses are transferred into the Group or registered as necessary.

## **ENVIRONMENTAL MATTERS**

The Group recognises that the nature of its business is fundamentally one of sustainability, and sets out a series of regular, measured commitments to limit its impact on the environment. By purchasing robust equipment that is repeatedly hired, used, returned, tested and hired, the Group is able to extend a product's lifecycle, thereby reducing the consumption of natural resources and minimising the emissions and waste, which would otherwise be produced in manufacturing and transportation processes for further production of equipment. The Group also focuses on ensuring that old equipment and products are disposed of in a sustainable way, working within a documented system that uses trained personnel to assess whether spare parts or tools and equipment can be recycled and how they should be disposed of.

The Group aims to reduce CO2 emissions by making its vehicles and network increasingly fuel efficient. The Group's distribution network and vehicle telematics are designed to facilitate efficient vehicle routing, and the reduction of journey lengths. All HSS drivers are trained in best practice driving to seek to minimise fuel consumption, and the vehicle fleet is equipped with fuel-saver and "stop-start" features. During 2019, the Group removed its centralized cross-dock function, moving to a regional-based distribution model which allows the Group to operate a more efficient network with fewer logistical movements.

The Group drives energy efficiency within its various site locations via smart meters and energy efficient lighting. The Group is part of the CRC Energy Efficiency Scheme and all of its energy is supplied via Opus using renewable sources. The Group has also implemented widespread recycling policies across its network and recycles packaging, paper, plastics and electrical equipment. The Group has partnered with Biffa to reduce and responsibly dispose of waste across network. Throughout 2019, Biffa collected over 1,400 tonnes of waste from the Group's locations, which enabled the Group to increase the percentage of waste diverted from landfill to 85% through recycling and treatment processes.

Most recently, the closures within the Group's branch network will provide significant energy and water savings going forward, in addition to reductions in waste.

## **INSURANCE**

The Group-wide insurance coverage includes policies for risks associated with its business. These policies provide insurance cover for property damage and business interruption, combined liability (i.e. employers' and public and product liability), motor accidents, contractors' plant and airside liability (i.e. in relation to its airport operations) in addition to standard corporate insurances including crime, directors and officers and professional indemnity in relation to its training business. The Group's risk management and brokerage

services are provided by Marsh, with its key insurance provider being Aviva. The Directors believe that its insurance coverage is sufficient for the risks associated with its operations and that its policies are in accordance with customary industry practices. However, there can be no guarantee that the coverage the Group maintains will be sufficient to cover the cost of defence or other damages in the event of a significant claim or that insurance cover will remain available on the same terms in the market.

## PART VI – CAPITALISATION AND INDEBTEDNESS

### Capitalisation and indebtedness of the Group

The following tables set out the Group's capitalisation and indebtedness as at the dates indicated and, as such, do not reflect the impact of the Capital Raise.

The following table sets out the Group's capitalisation as at 26 September 2020.

	<b>As at 26 September 2020</b>
	<i>(£ millions)</i>
<b>Shareholder's equity</b>	
Share capital.....	1.7
Merger reserve .....	97.8
Warrant reserve .....	2.7
Foreign exchange translation reserve .....	0.6
Cash flow hedging reserve .....	(0.2)
	<b>102.6</b>
<b>Total.....</b>	<b>102.6</b>

There has been no material change in the Group's capitalisation since 27 June 2020, being the date to which the Group's last published financial information was drawn up.

The following table sets out the Group's total indebtedness as at 26 September 2020.

	<b>As at 26 September 2020</b>
	<i>£ millions unaudited</i>
<b>Total current debt</b>	
Secured.....	21.0
	<b>Total non-current debt (excluding current portion of long-term debt)</b>
Secured.....	194.7
	<b>Total indebtedness.....</b>
	<b>215.7</b>

The following table sets out the Group's net indebtedness as at 26 September 2020.

	<i>£ millions unaudited</i>
Cash.....	61.0
<b>Liquidity</b> .....	<b>61.0</b>
Current bank debt .....	—
Current portion of non-current debt.....	(15.0)
Other financial debt .....	(6.0)
<b>Current financial debt</b> .....	<b>(21.0)</b>
<b>Net current financial indebtedness</b> .....	<b>40.0</b>
Non-current bank loans .....	(184.2)
Other non-current loans .....	(10.5)
<b>Non-current financial indebtedness</b> .....	<b>(194.7)</b>
<b>Net financial indebtedness</b> .....	<b>(154.7)</b>

Current portion of non-current debt and non-current bank loans comprise the Senior Financing Facility and the Revolving Credit Facility. These facilities are secured over the assets of a group company, Hero Acquisitions Limited, and all of its subsidiaries. These subsidiaries comprise all of the trading activities of the Group. The lenders under the Revolving Credit Facility rank above those under the Senior Financing Facility.

Other financial debt and Other non-current loans relate to the current and non-current portions of finance lease obligations respectively. Finance leases relate to hire assets. Finance lease obligations are secured against the assets to which the finance leases relate.

The Group has issued a guarantee for £1.8 million under the Revolving Credit Facility to secure its card-acquiring arrangements. This amount is not included within the indebtedness tables set out above.

## **PART VII – FINANCIAL INFORMATION OF THE GROUP**

### **H120 INTERIM FINANCIAL STATEMENTS**

The unaudited H120 Interim Financial Statements is incorporated into this document, as described in Part XI – Documentation incorporated by reference.

### **FY19 FINANCIAL STATEMENTS**

The FY19 Financial Statements, including the independent auditor’s audit report, is incorporated into this document, as described in Part XI – Documentation incorporated by reference. The independent auditor’s audit report in respect of the FY19 Financial Statements is unqualified.



## PART VIII – UNAUDITED PRO FORMA FINANCIAL INFORMATION

### SECTION A – ACCOUNTANTS’ REPORT ON THE PRO FORMA FINANCIAL INFORMATION

BDO LLP  
55 Baker Street  
London W1U 7EU

The Directors  
HSS Hire Group plc  
Oakland House  
76 Talbot Road  
Old Trafford  
Manchester M16 0PQ  
United Kingdom

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London  
EC4M 7LT

16 November 2020

Dear Sirs/Madams

**HSS Hire Group plc (the “Company”) and its subsidiary undertakings (together, the “Group”)**

#### ***Pro forma financial information***

We report on the *pro forma* financial information (the “*Pro Forma* Financial Information”) set out in Part VIII – Unaudited *Pro Forma* Financial Information of the combined Prospectus and Circular of the Company dated 16 November 2020 (the “Combined Document”).

#### **Opinion**

In our opinion:

- (a) the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the *Pro Forma* Financial Information in accordance with item 13.3.3R of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 (the “**Listing Rules**”) and Annex 20 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “Prospectus Delegated Regulation”).

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Prospectus Delegated Regulation, as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

No reports or opinions have been made by us on any financial information used in the compilation of the *Pro Forma* Financial Information. In providing this opinion we are not providing any assurance on any source financial information on which the *Pro Forma* Financial Information is based beyond the above opinion.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, or for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Combined Document, to the fullest extent permitted by law we do not assume

any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Combined Document.

### **Basis of Preparation**

The *Pro Forma* Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the proposed firm placing and open offer of new ordinary shares of the Company and proposed admission of the new ordinary shares of the Company to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on London Stock Exchange plc's main market for listed securities (the "Transaction") might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 27 June 2020.

This report is required by paragraph 13.3.3R of the Listing Rules and section 3 of Annex 20 of the Prospectus Delegated Regulation and is given for the purpose of complying with that item and for no other purpose.

### **Basis of Opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Combined Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Combined Document in compliance with Item 1.2 of Annex 3 of the Prospectus Delegated Regulation.

Yours faithfully

BDO LLP  
Chartered Accountants

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

## SECTION B – PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* statement of net assets and accompanying notes (the *Pro Forma* Financial Information) set out in Section A of this Part VIII has been prepared to show the effect of the Capital Raise on the Group's net assets as at 27 June 2020 as if the Capital Raise had been undertaken at that date.

The *Pro Forma* Financial Information has been prepared in accordance with Annex 20 of the Prospectus Regulation, and in a manner consistent with the accounting policies adopted by the Group in preparing its unaudited consolidated financial statements for the 26 weeks ended 27 June 2020. It has been prepared for illustrative purposes only and, due to its nature, the *Pro Forma* Financial Information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The *Pro Forma* Financial Information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part VIII.

BDO LLP's report on the *Pro Forma* Financial Information is set out in Section A of this Part VIII.

	<b>The Group as at 27 June 2020</b>	<b>Adjustment for the Capital Raise</b>	<b>Pro forma net assets of the Group</b>
		<i>Unaudited</i>	
	<b>Note 1 £ millions</b>	<b>Note 2 £ millions</b>	<b>£ millions</b>
<b>Non-current assets</b>			
Intangible assets .....	159.6	—	159.6
Property, plant and equipment .....	71.6	—	71.6
Right of use assets .....	99.1	—	99.1
	<b>330.3</b>	<b>—</b>	<b>330.3</b>
<b>Current assets</b>			
Inventories .....	3.3	—	3.3
Trade and other receivables .....	65.0	—	65.0
Cash .....	62.7	25.9	88.6
	<b>131.0</b>	<b>25.9</b>	<b>156.9</b>
<b>Current liabilities</b>			
Trade and other payables .....	(68.4)	—	(68.4)
Borrowings including lease liabilities .....	(43.2)	15.0	(28.2)
Provisions .....	(6.8)	—	(6.8)
	<b>(118.4)</b>	<b>15.0</b>	<b>(103.4)</b>
<b>Non-current liabilities</b>			
Borrowings including lease liabilities .....	(246.7)	—	(246.7)
Provisions .....	(28.8)	—	(28.8)
Deferred tax liabilities .....	(0.3)	—	(0.3)
	<b>(275.8)</b>	<b>—</b>	<b>(275.8)</b>
<b>Net assets</b> .....	<b>67.1</b>	<b>40.9</b>	<b>108.0</b>

### Notes

- The net assets of the Group at 27 June 2020 have been extracted without material adjustment from the unaudited consolidated interim financial statements of the Group for the 26 weeks ended 27 June 2020.
- The cash proceeds comprise gross proceeds of £43.8 million associated with the Capital Raise (derived from the Minimum Participation Assumptions) less estimated expenses of £2.9 million and the repayment of £15.0 million of debt falling due in January 2021 under the Senior Financing Facility.

No account has been taken of the financial performance of the Group since 27 June 2020 nor of any other event save as disclosed above.

## PART IX – TAXATION

### 1. UNITED KINGDOM TAXATION

The following statements are intended only as a general guide to certain United Kingdom tax considerations and do not purport to be a complete analysis of all potential United Kingdom tax consequences of acquiring, holding or disposing of New Shares. Prospective acquirers of New Shares are advised to consult their own professional advisers concerning the tax consequences of the acquisition, ownership and disposition of New Shares. The following statements are based on current United Kingdom law and what is understood to be the current practice of HM Revenue & Customs (*HMRC*) as at the date of this document, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident, and in the case of individuals domiciled, for tax purposes in (and only in) the United Kingdom, who hold their Shares as an investment (other than where a tax exemption applies, for example where the Shares are held in an individual savings account or pension arrangement), and who are the absolute beneficial owners of both their Shares and any dividends paid on them.

The tax position of certain categories of Shareholders who are subject to special rules is not considered and it should be noted that they may incur liabilities to United Kingdom tax on a different basis from that described below. This includes persons acquiring their New Shares in connection with employment, dealers in securities, traders, brokers, banks, financial institutions, insurance companies, collective investment schemes, charities, exempt pension funds, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investments schemes, trusts and those who hold 5% or more of the Shares, any person holding investments in any HMRC-approved arrangements or schemes, temporary non-UK residents and non-UK residents carrying on a trade, profession or vocation in the United Kingdom (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

**The statements summarise the current position and are intended as a general guide only. Prospective acquirers of New Shares who are in any doubt about their taxation position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.**

#### 1.1 Taxation of Chargeable Gains

##### 1.1.1 United Kingdom tax resident Shareholders

###### 1.1.1.1 *New Shares acquired pursuant to the Open Offer*

The published practice of HMRC to date has been to treat an acquisition of shares by an existing shareholder up to his, her or its *pro rata* entitlement pursuant to the terms of an open offer as a reorganisation for the purposes of United Kingdom taxation on chargeable gains (*CGT*). However, it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all shareholders. HMRC's treatment of a Qualifying Shareholder's acquisition of New Shares up to their Open Offer Entitlement as a reorganisation cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Capital Raise.

If the issue of New Shares under the Open Offer is regarded as involving a reorganisation, then a Qualifying Shareholder who acquires New Shares up to the level of his, her or its Open Offer Entitlement will not be regarded as making any disposal of his, her or its Existing Shares. Instead, the New Shares acquired by the Qualifying Shareholder and the Existing Shares in respect of which they are issued will, for CGT purposes, be treated as the same asset and as having been acquired at the same time as the Existing Shares. The amount paid for the New Shares will be added to the base cost of the Existing Shares when computing any gain or loss on any subsequent disposal. To the extent that a Qualifying Shareholder takes up New Shares in excess of his, her or its Open Offer Entitlement pursuant to the Excess Application Facility, that will not constitute a reorganisation.

If, or to the extent that, the issue of New Shares under the Open Offer (including pursuant to the Excess Application Facility) is not regarded as a reorganisation, the New Shares acquired by each Qualifying Shareholder will, for CGT purposes, be treated as acquired separately from the Existing Shares. It is not expected that any charge to CGT will arise in respect of that acquisition. Subject to specific rules for acquisitions within specified periods either side of disposal, the existing Shares and New Shares will be treated as a single "pooled" asset, the base cost of which will be the aggregate of the amount paid for the New Shares and the base cost of the Existing Shares.

#### 1.1.1.2 *New Shares acquired pursuant to the Firm Placing or Placing*

The issue of New Shares under the Firm Placing or Placing will not constitute a reorganisation of share capital for CGT purposes and, accordingly, any New Shares acquired pursuant to the Firm Placing or Placing will be treated as acquired separately from any Existing Shares held, as described above.

#### 1.1.1.3 *Disposals*

If a Shareholder sells or otherwise disposes of all or some of the New Shares, he or she may, depending on his or her circumstances and subject to any available exemption or relief, incur a liability to CGT.

#### 1.1.1.4 *Individual Shareholders*

The current headline rates of capital gains tax for the 2020/21 tax year are 10% and 20% for individuals for gains other than those made which relate to disposals of residential property and/or carried interest receipts relating to investment management services provided. Certain reliefs or allowances may be available depending on the individual circumstances of the Shareholder, including the availability of an annual exempt amount which allows an individual to make a certain amount of gain each year before such gain become subject to tax in the UK. For 2020/21 this annual exempt amount is £12,300.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20%. For 2020/21 this annual exempt amount is £6,150.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

For these purposes, the same thresholds apply for Scottish taxpayer Shareholders as in respect of other Shareholders resident in the UK. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of disposals.

#### 1.1.1.5 *Corporate Shareholders*

Corporate Shareholders within the charge to UK corporation tax which realise a gain will, subject to the availability of any exemptions, reliefs and/or allowable losses, be subject to corporation tax (at a current rate of 19%).

## **1.2 Taxation of Dividends**

The Company is not required to withhold United Kingdom tax when paying a dividend. Liability to tax on dividends will depend on the individual circumstances of a Shareholder.

### **1.2.1 United Kingdom resident individual Shareholders**

Under current United Kingdom tax rules specific rates of tax apply to dividend income. These include a nil rate of tax (the nil rate band) for the first £2,000 of non-exempt dividend income in any tax year and different rates of tax for dividend income that exceeds the nil rate band. For these purposes “dividend income” includes United Kingdom and non-United Kingdom source dividends and certain other distributions in respect of shares.

An individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from the Company will not be liable to United Kingdom tax on the dividend to the extent that (taking account of any other non-exempt dividend income received by the Shareholder in the same tax year) that dividend falls within the nil rate band.

To the extent that (taking account of any other non-exempt dividend income received by the Shareholder in the same tax year) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other non-exempt dividend income received in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder’s income. In addition, dividends within the nil rate band which would (if there were no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

## 1.2.2 United Kingdom resident corporate Shareholders

It is likely that most dividends paid on the Shares to United Kingdom resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. Shareholders within the charge to corporation tax should consult their own professional advisers.

## 1.3 United Kingdom Stamp Duty and Stamp Duty Reserve Tax (SDRT)

### 1.3.1 The Open Offer, Firm Placing and Placing

No stamp duty or SDRT will be payable on the issue of New Shares pursuant to the Open Offer and Firm Placing, other than as explained below.

### 1.3.2 Subsequent transfers

#### 1.3.2.1 Position prior to Delisting and AIM Admission

##### (i) Subsequent transfers

Stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. A charge to SDRT will also arise on an unconditional agreement to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and that instrument is duly stamped upon payment of the stamp duty, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

In cases where Shares are transferred to a connected company (or its nominee), stamp duty or SDRT may be chargeable on the higher of (i) the amount or value of the consideration and (ii) the market value of the Shares.

##### (ii) Shares held through paperless means including CREST

Paperless transfers of Shares, such as those occurring within CREST, are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will generally arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5%) will arise.

In cases where Shares are transferred to a connected company (or its nominee), SDRT (or stamp duty) may be chargeable on the higher of (i) the amount or value of the consideration and (ii) the market value of the Shares.

##### (iii) Shares held through Clearance Systems or Depositary Receipt Arrangements

Special rules apply where Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts or a person providing a clearance service. In these circumstances, SDRT or stamp duty may be charged at a rate of 1.5%, with subsequent transfers within the clearance service or transfers of depositary receipts then being free from SDRT or stamp duty. HMRC accept that this charge is in breach of EU law so far as it applies to new issues of shares or transfers that are an integral part of a share issue, and it was confirmed in the Autumn 2017 Budget that the Government intend to continue this approach following Brexit. HMRC's published view is that the 1.5% SDRT or stamp duty charge continues to apply to other transfers of shares into a clearance service or depositary receipt arrangement, although this has been disputed. Further litigation indicates that certain transfers of legal title to clearance services in connection with listing, but not integral to a new issue, are also not chargeable. **In view of the continuing uncertainty, specific professional advice should be sought before incurring a 1.5% stamp duty or stamp duty reserve tax charge in any circumstances.**

#### *1.3.2.2 Position after Delisting and AIM Admission*

Shares that are admitted to trading on a “recognised growth market” but not listed on that market or any other market benefit from certain exemptions from stamp duty and SDRT. AIM is currently recognised as a recognised growth market by HMRC and, after the Delisting and AIM Admission, the Shares would not be listed on any market. Accordingly, for so long as this remains the case, transfers of the Shares should not be subject to stamp duty or SDRT.

**The statements in paragraph 1.3 of this Part IX apply to any holders of Shares irrespective of their residence, summarise the current position and are intended as a general guide only.**



## PART X - ADDITIONAL INFORMATION

### 1 RESPONSIBILITY

#### 1.2 *Prospectus responsibility statement*

The Company and the Directors, whose names and principal functions appear on page 33 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

### 2 INCORPORATION AND REGISTERED OFFICE

2.1 The Company was incorporated on 7 January 2015 as a private company limited by shares in the United Kingdom. It was re-registered as a public limited company on 19 January 2015 under the Companies Act 2006 and is registered in England and Wales with registered number 9378067. Its Legal Entity Identifier is 2138004DGL1J6VQO6S92.

2.2 The Company's registered office is Oakland House, 76 Talbot Road, Old Trafford, Manchester M16 0PQ.

### 3 SHARE CAPITAL

3.1 Immediately prior to the publication of this document, the share capital of the Company was £1,702,071, comprised of 170,207,142 Existing Shares of one pence each, all of which were fully paid or credited as fully paid. The Company has no Shares held as treasury shares. The Existing Shares in the share capital of the Company have a nominal value of one pence each and are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

3.2 As at 13 November 2020 (being the latest practicable date prior to the date of this document), the issued and fully paid ordinary share capital of the Company was as follows:

	<b>Number of Existing Shares</b>	<b>Amount of share capital (£)</b>
Shares.....	170,207,142	1,702,071

3.3 On the basis of the assumptions identified below, the issued and fully paid ordinary share capital of the Company immediately following completion of the Capital Raise, would be:

	<b>Based on Maximum Participation Assumptions</b>		<b>Based on Minimum Participation Assumptions</b>	
	<b>Number of Shares</b>	<b>Amount of share capital (£)</b>	<b>Number of Shares</b>	<b>Amount of share capital (£)</b>
Shares.....	737,435,225	7,374,352.25	608,101,520	6,081,015.20

3.4 Subject to Admission and in connection with the Capital Raise, up to 567,228,083 New Shares will be issued at a price of 10 pence per New Share on the basis of the Maximum Participation Assumptions, meaning Shareholders would be diluted by 28.8%. In the event that HPS chooses not to exercise its rights under the HPS Warrants but the other assumptions remain valid, Shareholders would be diluted by 26.1%.

3.5 Subject to Admission and in connection with the Capital Raise, up to 437,894,378 New Shares will be issued at a price of 10 pence per New Share on the basis of the Minimum Participation Assumptions, meaning Shareholders would be diluted by 72.0%. In the event that HPS chooses to exercise its rights under the HPS Warrants in full but the other assumptions remain valid, Shareholders would be diluted by 73.0%.

- 3.6** As described in Part I – Letter from the Chairman of HSS Hire Group plc of this document, at the General Meeting, Shareholders will be asked to consider and vote on the Resolutions.
- 3.6.1 Four of the Resolutions are ordinary resolutions which authorise the Directors to: (i) increase the Company’s share capital to £7,374,352.25 divided into 737,435,225 Shares in connection with the Capital Raise and any Warrant Exercise (27,010,861 of such Shares relating to any Warrant Exercise); (ii) further increase the Company’s share capital by £4,054,010.13 divided into 405,401,013 Shares; (iii) approve the issue of the New Shares on the terms set out in this document at a price of 10 pence per New Share (which represents a discount of greater than 10% to the middle market price of the Shares as at 23 October 2020); and (iv) implement the Capital Raise and any Warrant Exercise. These ordinary resolutions will pass if more than 50% of the votes cast (either in person or by proxy) are in favour.
- 3.6.2 One of the Resolutions is an ordinary resolution to approve the Firm Placing to Toscafund which is a related party transaction for the purposes of the Listing Rules. This resolution will pass if more than 50% of the votes cast (either in person or by proxy) are in favour. Toscafund is not entitled to vote on this resolution and has undertaken to abstain from voting in respect of any Shares it has control over on the resolution to approve the related party transaction at the General Meeting.
- 3.6.3 Three of the Resolutions are special resolutions which authorise the Directors to: (i) disapply pre-emption rights in connection with the Capital Raise; (ii) disapply pre-emption rights: (a) up to an aggregate nominal amount of £304,050.76 (representing 30,405,076 Shares) at the Directors’ discretion, or (b) for an unlimited amount if the allotment is for cash in connection with a rights issue; and (iii) disapply pre-emption rights up to an aggregate nominal value of £304,050.76 (representing 30,405,076 Shares) in connection with an allotment of shares for cash for the purposes of financing an acquisition or capital investment of a similar kind. These special resolutions will pass if not less than 75% of the votes cast (either in person or by proxy) are in favour.
- 3.6.4 One of the Resolutions is a special resolution to approve the Delisting and AIM Admission. This special resolution will pass if not less than 75% of the votes cast (either in person or by proxy) are in favour and a majority of the votes cast (either in person or by proxy) excluding those cast by Exponent are in favour. Save for this Resolution, all of the Resolutions are conditional upon each of the other Resolutions being passed.
- 3.7** The New Shares will have the same rights in all respects as the Existing Shares (including the right to receive all dividends or other distributions declared after the respective dates of their issue).
- 3.8** The New Shares will trade under ISIN GB00BVFD4645 and SEDOL number BVFD464.

## **4 ARTICLES OF ASSOCIATION**

The Articles of Association of the Company (the *Articles*) include provisions to the following effect:

### **4.1 Share rights**

Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares or class of shares: (i) any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine; and (ii) shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

### **4.2 Voting rights**

Subject to any rights or restrictions attached to any shares, 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 is the holder.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him 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 particular, 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.

#### **4.3 *Dividends and other distributions***

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If the share capital is divided into different classes, the Board may also pay, at intervals determined by it, any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares on which the dividend is paid.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

#### **4.4 *Variation of rights***

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

#### **4.5 *Lien and forfeiture***

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 13 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 13 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 13 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

#### **4.6 *Transfer of shares***

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

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:

- 4.6.1 is 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;
- 4.6.2 is in respect of one class of share only; and
- 4.6.3 is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Regulations, 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.

#### **4.7 *Alteration of share capital***

Subject to the Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

#### **4.8 *Purchase of own shares***

Subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par).

#### **4.9 *General meetings***

The Board shall convene, and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act. The Board may call general meetings whenever and at such times as it shall determine, (subject to the relevant provisions of the Articles and the Act).

The Board shall determine the means of attendance at and participation in each general meeting, including whether the persons entitled to attend and participate shall be enabled to do so by simultaneous attendance and participation at a physical place, or by means of an electronic facility or facilities. The members present in person or by proxy by means of an electronic facility or facilities shall be counted in quorum for, and entitled to participate, in the general meeting. A resolution put to a vote at a general meeting held wholly or partly by means of electronic facility or facilities shall be decided on a poll, unless the chairman of the meeting determines it shall be decided on a show of hands (subject to the relevant provisions of the Articles and the Act). The meeting will be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that members attending the meeting by all means (including by means of electronic facility or facilities) are able to:

- 4.9.1 participate in the business of the meeting;
- 4.9.2 hear all persons who speak at the meeting; and
- 4.9.3 be heard by all other persons present at the meeting.

If a general meeting is held by means of electronic facility or facilities, the Board may make any arrangement and impose any requirement or restriction that is: (i) necessary to ensure the identification of those participating and the security of electronic communication, and (ii) proportionate to the achievement of those objectives.

#### 4.10 *Directors*

##### 4.10.1 Appointment 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 in number. Directors may be appointed by ordinary resolution of Shareholders or by the Board.

##### 4.10.2 No share qualification

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

##### 4.10.3 Annual retirement of Directors

At every annual general meeting held after the first annual general meeting after the date of adoption of the Articles, all Directors at the date of notice of annual general meeting shall retire from office.

##### 4.10.4 Remuneration of Directors

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £600,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee for that service (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board.

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

##### 4.10.5 Permitted interests of Directors

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Act apply, in which case no such disclosure is required), a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (ii) may act by himself or for his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is (directly or indirectly) interested as a shareholder or otherwise or with which he has such relationship at the request or direction of the Company; and
- (iv) shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate the acceptance, entry into or existence of which has been approved by the Board pursuant to Article 146 of the Articles or which he is permitted to hold or enter into by virtue of paragraph 4.10.5(i)-(iii)).

##### 4.10.6 Restrictions on voting

A Director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

- (i) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (ii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (iii) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (iv) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing 1% or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be likely to give rise to a conflict with the interests of the Company in all circumstances);
- (v) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
- (vi) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

#### 4.10.7 Indemnity of officers

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act.

## 5 DIRECTORS AND MANAGEMENT BOARD

### 5.1 Directors

The Directors of the Company as at the date of this document are listed below.

Name	Age	Position
Alan Peterson OBE.....	73	Non-Executive Chairman
Steve Ashmore.....	56	Chief Executive Officer
Paul Quested .....	50	Chief Financial Officer
Thomas Sweet-Escott.....	63	Non-Executive Director
Amanda Burton.....	61	Independent Non-Executive Director
Doug Robertson .....	67	Independent Non-Executive Director

Each of the Director's business address is the Company's registered office address at Oakland House, 76 Talbot Road, Old Trafford, Manchester M16 0PQ, United Kingdom.

The experience and principal business activities of each of the Directors are as follows:

#### ***Alan Peterson OBE, Non-Executive Chairman***

Alan Peterson has served as the Group's Chairman since December 2012. He also served as the Group's Chairman between 2004 and 2007. Alan's experience over the last 30 years includes involvement in a

number of public and private equity-backed businesses across the United Kingdom, Europe and North America. He has held the role of Chief Executive Officer and Chairman in a number of manufacturing, industrial and retail companies, including Enterprise Group plc, Pattonair Holdings Limited, Azelis Holdings SA and Rockware Group and Meyer International plc. He is also the Chairman of the BBI Diagnostics Group and Veezu Group.

Alan became 3i's first Industrialist in Residence in 2001, serving until 2005. Alan also chairs the Group's Nomination Committee. Alan was awarded an OBE (Officer of the Most Excellent Order of the British Empire) in the 2019 New Year's Honours List for his services to charitable fundraising in Wales.

***Steve Ashmore, Chief Executive Officer***

Steve Ashmore joined the Group as Chief Executive Officer in June 2017, bringing previous leadership experience in a range of industries complementary to the Group, including building product supply, logistics and distribution. Steve previously held a number of senior roles at Exel, the supply chain and third-party logistics provider, before working in a number of senior leadership positions, including United Kingdom Managing Director at Wolseley, a distributor of plumbing and heating products and supplier of building materials. Before joining the Group, Steve also served as the United Kingdom Managing Director of Brammer, a specialist distributor of industrial products.

***Paul Quested, Chief Financial Officer***

Paul Quested joined the Group as Chief Financial Officer in August 2016. Before joining the Group, Paul was Chief Corporate Development Officer for Electrocomponents plc and had held a number of senior positions within Electrocomponents, including those of Global Strategy Director, General Manager (RS UK) and Head of Finance. Prior to Electrocomponents, Paul worked at InBev for ten years, where his roles included Planning & Performance Management Director. Before InBev, Paul worked at Coopers & Lybrand where he was an Audit Manager for FTSE 100 clients.

***Thomas Sweet-Escott, Non-Executive Director***

Tom Sweet-Escott co-founded Exponent Private Equity in 2004. He is primarily responsible for investments in the financial services sector and also serves on the boards of Photobox and Meadow Foods. He has previously served on the boards of Trainline plc, V. Group and Lowell, and worked for 3i in London and in Madrid.

***Amanda Burton, Independent Non-Executive Director***

Amanda Burton is an Independent Non-Executive Director of Countryside Properties plc and the Skipton Building Society. She chairs the Remuneration Committee for Countryside Properties plc and is a member of the Remuneration Committee at the Skipton Group. She is also a Non-Executive Director of Connells Ltd and Chair of its Remuneration Committee. Until December 2014, she served as the Chief Operating Officer of Clifford Chance LLP. She was also previously the Senior Independent Non-Executive Director of Galliford Try plc, Monitise Plc, a Non-Executive Director of Fresca Group Limited and Chair of Battersea Dogs' and Cats' Home.

Amanda is a member of the Group's Audit and Nomination Committees and chairs both the Remuneration Committee and the Market Disclosure Committee.

***Doug Robertson, Independent Non-Executive Director***

Doug Robertson was appointed as Non-Executive Director of Mpac Group plc on 1 November 2018. He is also a Non-Executive Director and Chair of the Audit Committee of Zotefoams plc, having been appointed in August 2017. He retired as Finance Director of SIG plc on 31 January 2017. Doug was previously Finance Director of Umeco plc from 2017 until 2011, and Finance Director of Seton House Group Limited from 2002 until 2007. He has also held a variety of Divisional Finance Director roles within Williams plc, and previously Managing Director of Tesa Group, Chubb's hotel security division.

Doug is a member of the Group's Nomination and Remuneration Committees and chairs the Audit Committee.

Set out below are the directorships and partnerships held by the Directors (other than, where applicable, directorships held in the Company or subsidiaries of the Company), in the five years prior to the date of this document:

<u>Name</u>	<u>Current directorships / partnerships</u>	<u>Past directorships / partnerships</u>
Alan Peterson OBE.....	BBI Group Holdco Limited Veezu Group Limited BBI Enzymes Limited Vector Bidco Limited Peterson Consultancy Service Limited	Enterprise Group Holdings Limited The Peterson Consultancy Limited BBI Acquisition Limited Eagle SPV 2 Limited Eagle SPV 3 Limited Scipac Limited BBI Enzymes (UK) Limited BBI Resources Limited British Biocell International Limited Alchemy Laboratories Ltd BBI Diagnostics Group Limited BBI Solutions OEM Limited BBI Detection Limited BBI Enzymes (USA) Limited BBI Healthcare Limited BBI Group Holding Limited 10 Ninian Road Management Company Limited Pattonair Holdings Limited
Steve Ashmore.....	—	Brammer plc (now Rubix Group International Limited) Brammer UK Limited
Paul Quested.....	—	—
Thomas Sweet-Escott...	Exponent Private Equity (Holdings) LLP Exponent Private Equity LLP Exponent Private Equity Partners GP IV LLP Swan Topco Limited Horizon Topco Limited Cumberland House BPRA Property Fund LLP 25 Jermyn Street St James's RTM Company Limited	Stella Holdco Limited Stella Midco Limited Stella Bidco Limited Stella Topco Limited Bullitt Topco Limited Bullitt Midco Limited Bullitt Debtco Limited Bullitt Bidco Limited Bullitt Nominee Limited Galene Midco 1 Limited Galene Midco 2 Limited Galene Midco 3 Limited Galene Bidco Limited Galene Topco Limited Horizon Newco Limited Horizon Groupco Limited Horizon Bidco Limited Horizon Midco Limited Horizon Debtco Limited
Amanda Burton.....	Countryside Properties plc Connells Limited Skipton Group Holdings Limited	Monitise Plc Cophthorn Holdings Limited Battersea Dogs' and Cats' Home Limited Bellmead Kennels Limited



Name	Current directorships / partnerships	Past directorships / partnerships
Doug Robertson .....	Mpac plc Zotefoams plc	SIG plc SIG Trading Limited Leaderflush + Shapland Holdings Limited SIG Est Trustees Limited SIG European Holdings Limited SIG European Investments Limited

## 5.2 Management Board

The members of the Management Board are as follows:

Name	Age	Position
Steve Ashmore .....	56	Chief Executive Officer
Paul Qusted .....	50	Chief Financial Officer
Tom Shorten .....	50	Chief Commercial Officer
Daniel Joll .....	45	Group General Counsel & Company Secretary

Each member of the Management Board's business address is the Company's registered office address at Oakland House, 76 Talbot Road, Old Trafford, Manchester M16 0PQ, United Kingdom.

See “– *Directors*” above for biographies of Steve Ashmore and Paul Qusted, as well as the directorships and partnerships held by them in the five years prior to the date of this document.

### ***Tom Shorten, Chief Commercial Officer***

Tom joined the Group as Chief Commercial Officer in January 2017. Before joining the Group, Tom held senior positions within Phones4U, Foxtons and Regus plc, having started his career in investment banking with Deutsche Bank.

### ***Daniel Joll, Group General Counsel & Company Secretary***

Daniel joined the Group as General Counsel in June 2015 and took over the additional role of Company Secretary in January 2017. Before joining the Group, Daniel was corporate legal counsel for Sky plc, having been in private practice with London law firms for over 10 years.

Save as set out in paragraph 5.1 above, in the five years' prior to the date of this document, no member of the Management Board (other than, where applicable, directorships held in the Company or subsidiaries of the Company) has held any directorships or partnerships.

There is no family relationship between any of the Company's Directors or members of the Management Board.

5.3 As at the date of this document, none of the Directors and members of the Management Board has at any time within the past five years:

- (a) save as disclosed in paragraphs 5.1 and 5.2 above, been a director or partner of any companies or partnerships; or
- (b) had any convictions in relation to fraudulent offences (whether spent or unspent); or
- (c) been adjudged bankrupt or has entered into any individual voluntary arrangements; or
- (d) has been partner of any partnership at the time of or within a 12 month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- (e) been partner of any partnership at the time of or within a 12 month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- (f) had his or her assets be the subject of any receivership; or
- (g) been partner of any partnership at the time of or within a 12 month period preceding any assets thereof being the subject of a receivership; or

- (h) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- (i) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

5.4 Save for their capacities as persons legally and beneficially interested in Shares, there are:

- (a) no potential conflicts of interest between any duties carried out on behalf of the Company by Directors or the members of the Management Board and their private interests and/or other duties; and
- (b) no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director or member of the Management Board was selected.

### 5.5 Directors' interests in the Company

The interests of the Directors in the share capital of the Company (all of which, unless otherwise indicated, are beneficial) on 13 November 2020 (being the latest practicable date prior to the publication of this document) and as they are expected to be immediately following the Capital Raise, including as a percentage of the Enlarged Share Capital, assuming full take up by the Directors of their entitlements under the Capital Raise, are as follows:

Name	Shares beneficially held at 13 November 2020		Shares beneficially held immediately following the Capital Raise <sup>(2)</sup>	
	No.	%	No.	%
Alan Peterson OBE .....	884,392	0.52	2,726,875	0.37%
Steve Ashmore.....	313,479	0.18	966,560	0.13%
Paul Qusted.....	47,000	0.03	144,916	0.02%
Thomas Sweet-Escott <sup>(1)</sup> .....	—	0.00	0	0.00%
Amanda Burton.....	35,714	0.02	110,118	0.01%
Doug Robertson.....	9,523	0.01	29,362	0.00%

Notes:

(1) As at 13 November 2020, 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.

(2) Calculated on the basis of the Maximum Participation Assumptions.

The Directors and members of the Management Board have the same voting rights as all other Shareholders.

In addition to the interests noted above, certain Directors have further interests as a result of awards and grants made pursuant to the HSS Hire's Long Term Incentive Plan (*LTIP*), Company Share Option Plan (*CSOP*) and the Deferred Bonus Plan 2015 (*DB Plan*) (as at the latest practicable date prior to the publication of this document). These are set out below.

Name	Scheme/grant	Date of grant	Exercise price (pence)	Earliest vesting date	Expiry	Number of ordinary shares under option as at 13 November 2020
Steve Ashmore .....	LTIP	31/08/17	57	March 2021	31/08/27	2,849,708
	LTIP	08/10/18	30	April 2022	08/10/28	5,415,255
	CSOP	08/10/18	35.40	April 2022	08/10/28	84,745
	LTIP	04/06/19	N/A	March 2022	04/06/29	1,020,833
	DBP	16/04/19	N/A	16/04/21	16/04/29	203,708
	LTIP (restricted stock)	02/07/20	N/A	2 July 2023	02/07/30	841,348
Paul Queded .....	LTIP	31/08/17	57	March 2021	31/08/27	1,404,094
	LTIP	08/10/18	30	April 2022	08/10/28	3,165,255
	CSOP	08/10/18	35.40	April 2022	08/10/28	84,745
	LTIP	04/06/19	N/A	March 2022	04/06/29	736,111
	DBP	16/04/19	N/A	16/04/21	16/04/29	147,007
	LTIP (restricted stock)	02/07/20	N/A	2 July 2023	02/07/30	606,685

Notes:

the FY18 LTIP and FY18 CSOP awards may only be exercised if the FY17 LTIP awards have lapsed in full or have been irrevocably released prior to their exercise. The FY18 LTIP and FY18 CSOP awards will lapse in full should the FY17 LTIP awards vest.

The Non-Executive Directors (including the Chairman) do not have any non-beneficial interests in the Shares subject to options and awards under the Share Schemes.

No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

Save as set out in this Part X, it is not expected that any Director will have any interest in the share or loan capital of the Company following the Capital Raise and there is no person to whom any capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

Save as disclosed in this paragraph 5, no Director or member of the Management Board has any interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

## 6 DIRECTORS' SERVICE AGREEMENTS AND ARRANGEMENTS

Save as set out in this paragraph 6, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the HSS Group.

### *Executive Directors: Service contracts*

Steve Ashmore and Paul Queded are each engaged under a service agreement pursuant to which they are entitled to base salaries of £367,500 and £265,000 per annum, respectively.

Each Executive Director participates in the Company's annual performance related bonus scheme and, at the discretion of the Company's remuneration committee (*Remuneration Committee*), in any other incentive scheme operated for Executive Directors. Each Executive Director is eligible to earn an annual bonus of up to 100% of their annual salary. The amount of any annual bonus to be paid is subject to the approval of

the Remuneration Committee and subject to the achievement of performance conditions, set by the Remuneration Committee and linked to the Executive Director's performance and the performance of the Company. Executive Directors are required to defer the part of the award earned (if any) in excess of 50% of the maximum award into shares over a two-year period. Each Executive Director is eligible to participate in the Company's Deferred Bonus Plan, Restricted Stock scheme, LTIP and may participate in the Company's CSOP and all-employee SAYE Plan on the same terms as other United Kingdom employees. There is no current SAYE Plan.

Each Executive Director and each member of the Management Board is eligible to receive private medical insurance for themselves and their family, permanent health insurance and life assurance. Each Executive Director is also eligible for a company car or cash allowance in lieu. Each Executive Director is also entitled to reimbursement of reasonable expenses incurred by them in the performance of their duties.

Each Executive Director's service agreement is terminable by either the Executive Director or the Company on 12 months' written notice. The Company is also entitled to terminate each Executive Director's employment immediately and make a payment in lieu of notice comprising the Executive Director's annual salary in respect of the notice period (or remaining part of it) and a sum equal to the value of other benefits (including pension contributions but excluding bonus and incentives) during the notice period (or the remaining part of it).

The Company may elect at its discretion to make the payment in lieu of notice as a lump sum or in equal monthly instalments over the notice period (or the remaining part of it). There is a mechanism in each Executive Director's service agreement to reduce the instalments where the Executive Director commences alternative employment during the notice period.

On termination, the Executive Directors are not contractually entitled to a *pro rata* bonus in respect of their service during the financial year. However, the Remuneration Committee may exercise discretion to pay such a bonus if appropriate.

Each of the Executive Directors is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation (in relation to staff and customers) and non-dealing (in relation to customers) restrictive covenants for a period of six months after the termination of their respective employment arrangements.

Each Executive Director and each member of the Management Board will have the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.

#### ***Non-Executive Directors: Letters of appointment***

Alan Peterson is engaged as Chairman under a contract pursuant to which he is entitled to receive an annual fee of £150,000 which is subject to annual review. His initial appointment commenced on 9 February 2015 for a period of three years, and a new letter of appointment for a further three-year term, effective from 9 January 2018, was executed on 28 March 2018.

The appointment of each of the Chairman and the Non-Executive Directors is subject to re-election on an annual basis by the Shareholders at an annual general meeting.

The appointments of Amanda Burton and Douglas Robertson commenced on 9 January 2015 and expired on 8 January 2018. New letters of appointment, effective from 9 January 2018, were executed on 28 March 2018 for further three-year terms, subject to re-election at the annual general meeting.

Thomas Sweet-Escott's appointment commenced on 9 January 2015 and expired on 8 January 2018. A new three-year letter of appointment, effective from 9 January 2018, was executed on 28 March 2018.

Amanda Burton and Douglas Robertson are each entitled to receive an annual fee of £50,000. Thomas Sweet Escott is entitled to receive an annual fee of £40,000, which will be paid to Exponent Private Equity LLP.

The Chairman and Non-Executive Directors are not entitled to receive any compensation on termination of their appointments and are not entitled to participate in the Company's share, bonus or pension schemes.

Their appointments may be terminated at any time upon written notice or in accordance with the Articles or the Act or upon their resignations.

In addition, as Thomas Sweet Escott has been appointed by Exponent pursuant to the relationship agreement with Exponent, if Exponent no longer exercise or control the exercise of 10% of the votes able to be cast

on all or substantially all matters at general meetings of the Company, Thomas Sweet Escott's appointment may be terminated by the Board.

The Chairman and Non-Executive Directors are also entitled to reimbursement of reasonable expenses. The Chairman and Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are also subject to non-competition restrictive covenants for the duration of their appointments.

The Chairman is additionally subject to a non-competition restrictive covenant for six months after the termination of his appointment. The Chairman and Non-Executive Directors will have the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.

## 7 INTERESTS OF MAJOR SHAREHOLDERS

Insofar as is known to the Company, the name of each person who, directly or indirectly, has an interest in 3.0% or more of the Company's issued share capital, and the amount of such person's interest, as at 13 November 2020 (being the latest practicable date prior to the publication of this document) are as follows:

Name	Shares	
	No.	%
Exponent <sup>(1)</sup> .....	85,681,708	50.34%
Toscafund <sup>(2)</sup> .....	45,812,070	26.92%
Aberdeen Standard Investments .....	13,958,980	8.20%

Notes:

(1) Comprises shareholdings held by Exponent Private Equity Partners GP II, LP (UK) and Exponent Havana Co-Investment GP Limited Partners (UK).

(2) Comprises shareholdings held by the Tosca Mid-Cap fund, the Tosca Opportunity fund and the Micro-Cap Units fund.

Insofar as is known to the Company, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government, or any other natural or legal person, severally or jointly.

None of the major Shareholders referred to above has different voting rights from other Shareholders.

The proportionate interests of the Shareholders in the Company following the Capital Raise will be dependent on the proportion of Open Offer Entitlements which the Shareholders collectively take up, and whether HPS exercises its rights to subscribe for New Shares under the HPS Warrants. Therefore, insofar as is known to the Company, immediately following the Capital Raise, the interests of those persons with an interest in 3.0% or more of the Company's issued share capital, including as a percentage of the Enlarged Share Capital will be as follows:

Name	Shares			
	Based on Maximum Participation Assumptions		Based on Minimum Participation Assumptions	
	No.	%	No.	%
Exponent <sup>(1)(4)</sup> .....	235,681,708	31.96	235,681,708	38.76
Toscafund <sup>(2)</sup> .....	181,018,725	24.55	181,018,725	29.77
Ravenscroft <sup>(3)(4)</sup> .....	151,990,000	20.61	151,990,000	24.99
Aberdeen Standard Investments .....	43,040,188	5.84%	13,958,980	2.30
HPS .....	27,068,181	3.66%	—	0.00

Notes:

(1) Comprises shareholdings held by Exponent Private Equity Partners GP II, LP (UK) and Exponent Havana Co-Investment GP Limited Partners (UK).

(2) Comprises shareholdings held by the Tosca Mid-Cap fund, the Tosca Opportunity fund and the Micro-Cap Units fund.

(3) Ravenscroft 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.

(4) Ravensworth will have the right to direct Exponent to exercise the voting rights attaching to such number of shares belonging to Exponent as would be required to increase the number of shares that Ravensworth controls to be 25.1% of the Enlarged Share Capital.

## 8 AUDITORS

The FY19 Financial Statements have been audited by BDO LLP, independent auditor, with its address at 55 Baker St, London W1U 7EU, United Kingdom, as stated in its report appearing herein. BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales.

## 9 CAPITAL RAISE ARRANGEMENTS

### 9.1 Commitment Letters

The Company has entered into separate letters with each of Exponent, Toscafund and Ravenscroft documenting each party's commitment in respect of the Open Offer and Firm Placing.

As noted above, Exponent has committed to subscribe for 150,000,000 New Shares under the Open Offer. Toscafund has committed to subscribe for: (i) its pro-rata entitlement under the Open Offer being 95,441,812 New Shares; and (ii) 39,764,843 New Shares under the Firm Placing. Ravenscroft has committed to subscribe for: (i) its pro-rata entitlement under the Open Offer being 4,145,833 New Shares; and (ii) 145,854,167 New Shares under the Firm Placing.

Each of the commitments to subscribe for New Shares from Exponent, Toscafund and Ravenscroft are currently conditional upon:

- (a) Shareholder approval of the Resolutions at the General Meeting;
- (b) Admission occurring no later than 8.00 a.m. on 31 January 2021
- (c) the gross proceeds of the Capital Raise being no less than £43.5 million; and
- (d) no insolvency event having occurred or event of default having been declared pursuant to the Senior Financing Facility, in each case in relation to the relevant members of the Group.

In line with the Group's strategy to become a more agile, digitally-led business, and following the changes in customer behaviours witnessed during the COVID-19 pandemic, the Group has permanently shut 134 branches in 2020, for which the Group made provisions on 7 October 2020 (its *Dark Store Liabilities*). As referred to in the Announcement, it was a condition of one of the Commitment Letters that the Group achieve a reduction of at least 75% in its Dark Store Liabilities. Discussions with landlords are currently ongoing; however this condition has been waived, and as a result, this condition is no longer outstanding.

In addition, Toscafund's and Ravenscroft's commitments are conditional on Exponent subscribing for 150,000,000 Open Offer Shares at the Offer Price.

The Company has also received irrevocable undertakings from each of Exponent, Toscafund and Ravenscroft under their respective Commitment Letters to vote in favour of the Resolutions to be proposed at the General Meeting. These undertakings are not subject to the conditions listed above.

### 9.2 Sponsor and Placing Agreement

On 16 November 2020, the Company and the Sponsor entered into the Sponsor and Placing Agreement pursuant to which Numis was appointed to act as: (i) sponsor to the Company in connection with the applications for Admission, the Capital Raise and the related party transaction in connection with the Capital Raise; and (ii) as placing agent to the Company in respect of any Open Offer Shares not taken up under the Open Offer.

Subject to and pursuant to the terms and conditions of the Sponsor and Placing Agreement, the Sponsor has agreed to use reasonable endeavours to procure Placees for any Open Offer Shares not taken up at the Open Offer Price on the basis that the Placing will not occur if the Open Offer Entitlements are applied for in full (including under the Excess Application Facility) by Qualifying Shareholders. The Open Offer Shares have not been conditionally placed with Placees and, to the extent that the Sponsor fails to procure Placees for any Open Offer Shares not taken up, the Sponsor is not required to subscribe itself for any such shares.

In consideration of its services under the Sponsor and Placing Agreement the Company has agreed to pay to the Sponsor a fee for acting as sponsor to the Company; and (ii) a commission in respect of Open Offer Shares placed under the Placing.

In addition to the fee and commission set out above, the Company has agreed to pay certain costs and expenses of the Sponsor in connection with, or incidental to, the Sponsor and Placing Agreement and the Capital Raise. The Company has also agreed to pay or reimburse the Sponsor for all other costs in connection with the Sponsor and Placing Agreement and Admission, including the fees of the FCA and the

London Stock Exchange, advertising and distribution costs of all documents, all accountancy and other professional fees.

The Company has given certain customary undertakings, representations and warranties to the Sponsor including (subject to certain standard exceptions) for a 40 Business Day period after Admission (the **Restricted Period**): (i) a restriction on making certain announcements or communications concerning the Company or the Group or the Capital Raise; and (ii) a restriction on entering into, varying or waiving certain agreements, commitments or arrangements which are material in the context of the Capital Raise or the Group, in each case without the prior consent of the Sponsor. In addition, the Company must consult with the Sponsor before proceeding with certain significant transactions during the Restricted Period. The Company has also given customary indemnities to the Sponsor and certain indemnified persons connected with the Sponsor.

The Sponsor may terminate the Sponsor and Placing Agreement in certain circumstances including, among others, if there is a breach of the warranties in the Sponsor and Placing Agreement (or if any warranty would be untrue, inaccurate or misleading if repeated at any time prior to Admission), any statement in this document (or omission from this document) results in it becoming untrue, inaccurate or misleading, there having been a material adverse change in or affecting the Company or the Group, or any matter or circumstance arises which the Sponsor considers may materially and adversely affect its ability to perform its function as sponsor under Chapter 8 of the Listing Rules.

## 10 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding and including the date of this document, and are, or may be, material or have been entered into at any time by the Company or any member of the Group and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

### 10.1 *Capital Raise Arrangements*

For a description of the principal terms of the Commitment Letters and the Sponsor and Placing Agreement, see paragraph 9 of this Part X.

### 10.2 *Ravensworth arrangement*

On 26 October 2020, the Company entered into an agreement with Ravensworth whereby Ravensworth (on whose behalf Ravenscroft is participating in the Capital Raise) will have the right to appoint an observer to the Board, who will be able to attend Board meetings but not vote. This right will continue so long as Ravensworth owns or controls 20% or more of the issued share capital of the Company. The agreement is conditional upon the Capital Raise completing.

### 10.3 *Unipart arrangement*

On 14 February 2018, HSS announced its formal termination of the remaining 8-year term of its agreement with Unipart Group Limited who previously operated HSS Hire's National Distribution and Engineering Centre. As compensation to Unipart Group Limited, HSS will make cash payments of £33.8 million over the period 2018 to 2026, of which £3.6 million was paid during FY19. The provision has been discounted at a rate of 1.19% at 28 December 2019 based on 10-year UK gilt yields. A 1% increase in the discount rate at 28 December 2019 would decrease the provision by £0.6 million.

### 10.4 *Senior Financing Facility*

On 20 June 2018, the Group entered into a term loan facility of £220 million provided by HPS and associated lending entities, with £200 million maturing in June 2023, and £20 million, with flexibility to be settled before maturity, in December 2020. Following the sale of the UKP business, £38 million was repaid in January 2019. The interest rates under the facility are between 700bps and 800bps over LIBOR dependent upon the net debt leverage ratio of the Group. As at the date of this document, £182 million had been drawn down under the facility.

Under the terms of the facility, the Group's net leverage ratio (being the ratio between the Group's total net debt on the last day of the relevant period and its pro-forma EBTIDA for that period) is tested on the final day of each quarter, being 31 March, 30 June, 30 September and 31 December. The Group is required to provide a compliance certificate in respect of the net leverage covenant on an annual basis (within 120 days of the relevant financial year end) and on a quarterly basis (within 45 days of the relevant financial quarter

end). The facility includes a 20 business day cure period following delivery of the compliance certificate. The next compliance certificate is due to be issued on 14 February 2021 in respect of the quarter ended 31 December 2020.

In connection with this facility, the Company granted HPS the HPS Warrants which include the right to subscribe for new ordinary shares in the Company subject to certain specific conditions, including the full repayment of the term loan facility, for an exercise price of £0.01 per share with an exercise period of five years. As described in this document, the HPS Warrants also grant HPS the ability to subscribe for Shares in the event of an equity fundraise by the Company, subject to certain conditions.

#### 10.5 *Revolving Credit Facility*

On 20 June 2018, the Group entered into a revolving credit facility with HSBC Bank plc and National Westminster Bank plc, maturing in December 2022, at rates of between 250bps and 300bps over LIBOR dependent upon the net leverage of the Group. As at the date of this document, £17.2 million had been drawn down under the facility. The facility provides for borrowings up to an aggregate principal amount of £25 million.

Under the terms of the facility, the Group's net leverage ratio (being the ratio between the Group's total net debt on the last day of the relevant period and its pro-forma EBTIDA for that period) is tested on the final day of each quarter, being 31 March, 30 June, 30 September and 31 December. The Group is required to provide a compliance certificate in respect of the net leverage covenant on an annual basis (within 120 days of the relevant financial year end) and on a quarterly basis (within 45 days of the relevant financial quarter end). The facility includes a 20 business day cure period following delivery of the compliance certificate. The next compliance certificate is due to be issued on 14 February 2021 in respect of the quarter ended 31 December 2020.

## 11 RELATED PARTY TRANSACTIONS

Save as disclosed below and in note 29 to the FY19 Financial Statements which is incorporated by reference herein, no member of the Group entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) between 30 December 2018 and 13 November 2020, being the latest practicable date prior to the publication of this document.

In addition, as a consequence of the current interest of Toscafund in the Company, its proposed participation in the Firm Placing is a related party transaction for the purposes of Chapter 11 of the Listing Rules and therefore requires the prior approval of independent Shareholders by ordinary resolution. A resolution to approve the related party transaction is therefore to be proposed at the General Meeting as an ordinary resolution and will pass, subject to the other Resolutions being passed, if more than 50 per cent. of the votes cast (either in person or by proxy) are in favour. Toscafund is not entitled to vote and has undertaken to abstain from voting in respect of any Shares it has control over on the resolution to approve its related party transaction at the General Meeting.

## 12 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the period covering the twelve months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

## 13 REGULATORY DISCLOSURE

The Company regularly arranges the publication of announcements through a regulatory information service (*RIS*) system and the Company's website. Below is a summary of the information disclosed in accordance with the Company's obligations under the Market Abuse Regulation over the last 12 months relevant as at the date of this document. In addition to the RIS system, full announcements can be accessed on the webpage of the Company.

### 13.1 *Inside information*

13.1.1 On 25 March 2020, the Company announced the temporary closure of the majority of its branches in response to the global COVID-19 pandemic.



### 13.2 *Deals by persons discharging managerial responsibilities and their persons closely associated*

13.2.1 Over the last 12 months, the Company disclosed the following PDMR dealings in accordance with its obligations under Article 19 of the Market Abuse Regulation:

- (i) On 2 July 2020, the Company announced that it granted nil-cost options over 841,348, 606,685 and 606,685 ordinary shares in the Company to Steve Ashmore, Paul Qusted and Tom Shorten, respectively, in accordance with its 2015 Long Term Incentive Plan.

## 14 WORKING CAPITAL

In the opinion of the Company, taking into account the net proceeds of the Capital Raise under the Minimum Participation Assumptions and the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements (that is for at least 12 months from the date of this document).

### **Assumptions in respect of the impact of COVID-19**

In making the above working capital statement, the Company, as required by the ESMA Recommendations (ESMA/2013/319) (the *ESMA Recommendations*), has assessed whether there is sufficient headroom to cover a reasonable worst case scenario. COVID-19 has resulted in increased levels of uncertainty for the Company, with a range of possible scenarios and consequential financial impacts. For the purposes of this working capital statement, the Company has formed its view of a reasonable worst case scenario using the following COVID-19-specific assumptions, which the working capital statement is therefore dependent upon:

- The second nationwide lockdown commencing in November 2020 is assumed to last for four consecutive months until the start of March 2021 (the *Second National Lockdown*) and have a worse than expected and materially negative impact on demand.
- Activity in the construction industry, one of the key drivers of revenue for the Group, is assumed to be negatively impacted during the Second National Lockdown, but to a lesser extent than was experienced during the spring 2020 nationwide lockdown. This lesser impact reflects: the UK Government's stated intention that construction should continue even if other COVID-19 restrictions are imposed; the increased preparedness of the construction industry to operate in a lockdown, having already established and implemented new COVID-19-compliant working practices; and the Company's shift to an increasingly digital and click-and-collect business model, which has already successfully serviced customers in a lockdown environment, combined with increased preparedness from the roll out of remote working and setting up virtual teams. As a consequence of this, under the Second National Lockdown, sales across all regions and divisions are assumed to decline to the following levels:
  - In November 2020 to 83% of revenue generated in the corresponding period in 2019
  - In December 2020 to 76% of revenue generated in the corresponding period in 2019;
  - In January 2021 to 79% of revenue generated in the corresponding period in 2019;
  - In February 2021 to 81% of revenue generated in the corresponding period in 2019;
  - In March 2021 to 86% of revenue generated in the corresponding period in 2019; and
  - For the remainder of FY21, to between 87 and 88% of revenue generated in the corresponding period in 2019.

The working capital statement in this document has been prepared in accordance with the ESMA Recommendations and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the COVID-19 epidemic.

## 15 NO SIGNIFICANT CHANGE

Other than as described in "Current trading and prospects in respect of the Group" Part I – Letter from the Chairman of HSS Hire Group plc on page 34, there has been no significant change in the financial position or the financial performance of the Group between 27 June 2020, the date to which the latest financial information in relation to the Group was published, and the date of this document.

## **16 CONSENTS**

The Company has received the following written consents, which are available for inspection at the times and locations set out in paragraph 19 of this Part X in connection with the publication of this document:

- 16.1** BDO has given and not withdrawn its written consent to the inclusion in this document of its report set out in Section A of Part VIII – Unaudited *Pro Forma* Financial Information in the form and in the context in which it has been included and has authorised the contents of its report for the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules. As the Shares have not been and will not be registered under the Securities Act, BDO has not filed and will not file a consent under the Securities Act.
- 16.2** In addition, the Sponsor has given and not withdrawn its consent to the inclusion in this document of its name in the form and in the context in which it appears.

## **17 NON-STATUTORY ACCOUNTS**

The financial information contained in this document, which relates to the Company and/or the Group, does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The auditors have reported on the statutory accounts for FY19. Their report was unqualified, did not include references to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

## **18 MISCELLANEOUS**

- 18.1** The total costs and expenses payable by the Company in connection with the Capital Raise (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to £2.9 million (excluding VAT).
- 18.2** Each New Share is expected to be issued at a premium of 9 pence to its nominal value of one pence.

## **19 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected on the Group's website at [www.hsshiregroup.com](http://www.hsshiregroup.com) for a period of 12 months following Admission.

- (a) the articles of association of the Company;
- (b) the H120 Interim Financial Statements, incorporated herein by reference;
- (c) the FY19 Financial Statements, incorporated herein by reference;
- (d) the consent letters referred to in paragraph 16 of this Part X above;
- (e) the Application Form; and
- (f) this document.

**Dated: 16 November 2020**

## PART XI – DOCUMENTATION INCORPORATED BY REFERENCE

The following documentation, which has been approved, filed with or notified to the FCA, and which was sent to Shareholders at the relevant time and/or is available as described below, contains information that is relevant to the Capital Raise. This documentation is available on the Company’s website at [www.hsshiregroup.com](http://www.hsshiregroup.com).

The table below sets out the various sections of the document referred to above which are incorporated by reference into this document, so as to provide information required pursuant to Annex 3 and Annex 12 to the Prospectus Regulation and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the New Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Shares.

Parts of this document incorporated by reference which are not set out below are either not relevant or are covered elsewhere in this document. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

### **H120 Interim Financial Statements**

([https://www.hsshiregroup.com/wp-content/uploads/2020/10/HSS-Hire-Group-plc-H1-20-Full-RNS\\_for-upload.pdf](https://www.hsshiregroup.com/wp-content/uploads/2020/10/HSS-Hire-Group-plc-H1-20-Full-RNS_for-upload.pdf))

<b>Information incorporated by reference into this document</b>	<b>Page number in reference document</b>
Unaudited condensed consolidated income statement .....	9
Unaudited condensed consolidated statement of comprehensive income .....	10
Unaudited condensed consolidated statement of financial position.....	11
Unaudited condensed consolidated statement of changes in equity .....	12
Unaudited condensed consolidated statement of cash flows .....	13
Notes forming part of the unaudited condensed consolidated financial statements.....	14 – 33

### **FY19 Financial Statements**

([https://www.hsshiregroup.com/wp-content/uploads/2020/06/HSS\\_ARA2019\\_WEBSITE.pdf](https://www.hsshiregroup.com/wp-content/uploads/2020/06/HSS_ARA2019_WEBSITE.pdf))

<b>Information incorporated by reference into this document</b>	<b>Page number in reference document</b>
Independent Auditor’s Report to the members of HSS Hire Group plc only .....	70 – 74
Consolidated Income Statement .....	75 – 76
Consolidated Statement of Financial Position.....	77
Consolidated Statement of Changes in Equity.....	78
Consolidated Statement of Cash Flows.....	79
Notes to the HSS Hire Group Financial Statements.....	80 – 121

## PART XII – DEFINITIONS AND GLOSSARY

“Act” or “the Companies Act”	the Companies Act 2006
“Admission”	admission to (a) the premium listing segment of the Official List and (b) trading on the London Stock Exchange’s main market for listed securities
“Adjusted EBITA”	earnings before interest, taxes and amortisation, less exceptional items (non-finance) and amortisation
“Adjusted EBITDA”	earnings before interest, taxes and amortisation, less depreciation exceptional items (non-finance) and amortisation
“AIM Admission”	the admission of the Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM Rules”	the “AIM Rules for Companies”, published by the London Stock Exchange from time to time
“Announcement”	the announcement of the Capital Raise released by the Company through a Regulatory Information Service on 26 October 2020
“Application Form”	the personalised application form on which the Qualifying Non-CREST Shareholders may apply for New Shares under the Open Offer
“Articles”	the articles of association of the Company which are described in paragraph 4 of Part X – Additional Information
“Board”	the board of directors of the Company
“Brexit”	the United Kingdom’s exit from the European Union
“Business Days”	a day (other than a Saturday or Sunday) on which banks are open for general business in London
“Capital Raise”	the Placing and Open Offer and Firm Placing
“CCSS”	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST)
“CGT”	United Kingdom taxation of chargeable gains
“City Code”	The City Code on Takeovers and Mergers
“Commitment Letters”	the placing letters in respect of the Open Offer and Firm Placing entered into between the Company and each of Exponent, Toscafund and Ravenscroft on 26 October 2020
“Company” or “HSS Hire”	HSS Hire Group plc
“CREST”	the CREST system (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Proxy Instruction”	instruction to appoint a proxy or proxies through the CREST electronic proxy appointment service, as described in the Notice of General Meeting at the end of this document

“CREST Regulations”	the Uncertificated Securities (Guernsey) Regulations, 2009 (GSI 2009/48)
“CREST sponsor”	a sponsor (as defined in the CREST Regulations) in relation to CREST
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“Cure Period”	the 20 business day cure period following delivery of a compliance certificate under each of the Senior Financing Facility and the Revolving Credit Facility
“Delisting”	the proposed cancellation of the listing of the Company’s Shares on the Official List and from trading on the London Stock Exchange’s main market for listed securities
“Directors”	the Executive Directors and Non-Executive Directors of the Company
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority
“dividend income”	United Kingdom and non-United Kingdom source dividends and certain other distributions in respect of shares
“EBITA”	earnings before interest, taxes and amortisation
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“EEA”	the European Economic Area
“EEA State”	a member state of the EEA
“Enlarged Share Capital”	the ordinary issued share capital of the Company immediately following completion of the Capital Raise
“EQ”	Equiniti Limited
“EU”	European Union
“Euroclear”	Euroclear & Ireland Limited
“Excess Application Facility”	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements
“Excess Open Offer Entitlements”	in respect of each Qualifying Shareholder who has taken up his or her Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares, up to the number of New Shares, pursuant to the Excess Application Facility, which may be subject to scaling down at the absolute discretion of the Board
“Excess Shares”	New Shares which may be applied for by Qualifying Shareholders in addition to their Open Offer Entitlements pursuant to the Excess Application Facility
“Excluded Territories”	Australia, Canada, Japan and United States
“Ex-Entitlement Date”	the date on which Existing Shares are marked ex-entitlement, being 17 November 2020
“Executive Directors”	the executive directors of the Company
“Existing Shares”	the existing Shares in issue immediately prior to the issue of the New Shares
“Exponent”	Exponent Private Equity LLP, and where applicable, the Exponent Shareholders
“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
“Financial Conduct Authority” or “FCA”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA

“Firm Placed Shares”	in aggregate, 185,619,010 New Shares which the Company is proposing to issue pursuant to the Firm Placing
“Firm Placees”	Toscafund and Ravenscroft
“Firm Placing”	the subscription by the Firm Placees for the Firm Placed Shares
“Form of Proxy”	the form of proxy for use at the General Meeting which accompanies this document
“Forward-looking Statements”	forward-looking statements, forecasts, estimates, projections and opinions
“FSMA”	the Financial Services and Markets Act 2000, as amended
“FY18”	the year ended 29 December 2018
“FY19”	the year ended 28 December 2019
“FY19 Financial Statements”	the audited consolidated financial statements of the Company, which comprise the consolidated statement of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows and the related notes to the consolidated financial statements, as of and for the year ended 28 December 2019 and the comparative financial information for the year ended 29 December 2018
“GDPR”	General Data Protection Regulation (Regulation (EU) 2016/679)
“General Meeting”	the general meeting of the Company to be held at 11.00 a.m. on 4 December 2020 at Hilton Garden Inn, Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ, notice of which is set out at the back of this document
“GFSC”	the Guernsey Financial Services Commission
“Group”	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings
“HMRC”	HM Revenue & Customs
“H120 Interim Financial Statements”	the unaudited consolidated financial statements of the Company, which comprise the consolidated statement of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows and the related notes to the consolidated financial statements, as of and for the 26 weeks ended 27 June 2020
“HPS”	HPS Investment Partners, LLC
“HPS Warrants”	the warrants issued to HPS by the Company on 20 June 2018 pursuant to the terms of the Warrant Instrument entered into by HPS and the Company on that date
“IFRS”	International Financial Reporting Standards, as adopted by the EU
“ISIN”	International Securities Identification Number
“Listing Rules”	the listing rules of the FCA
“London Stock Exchange”	London Stock Exchange plc
“Main Market”	the London Stock Exchange’s main market for listed securities
“Mandatory Offer”	a general offer under Rule 9 of the City Code to all of the remaining shareholders to acquire their shares by a person who alone, or together with persons acting in concert with him, are interested in shares carrying 30% or more of the voting rights of the company
“Market Abuse Regulation”	Regulation (EU) No 596/2014 of the European Parliament and of the Council

“Maximum Participation Assumptions”	(i) the Open Offer Entitlements are taken up in full by the Shareholders or Placees are procured for those Open Offer Shares not taken up; (ii) Toscafund and Ravenscroft subscribe for New Shares under the Firm Placing in accordance with the Commitment Letters; and (iii) HPS chooses to exercise its rights under the HPS Warrants to subscribe for New Shares in full
“Minimum Participation Assumptions”	(i) No Open Offer Entitlements are taken up by Shareholders other than Exponent, Toscafund and Ravenscroft; (ii) Exponent, Toscafund and Ravenscroft subscribe for New Shares under the Open Offer and Firm Placing in accordance with the Commitment Letters; (iii) no Placees are procured for those Open Offer Shares not taken up; (iv) HPS chooses not to exercise its rights under the HPS Warrants to subscribe for New Shares; and (v) each Director participates in full in the Open Offer in respect of the New Shares to which they are entitled
“Money Laundering Regulations”	Money Laundering Regulations 2007 (SI 2007/2157)
“New Relationship Agreement”	the relationship agreement which is expected to be entered into between the Company, Exponent and the Exponent Shareholders following AIM Admission
“New Shares”	the new Shares which the Company will allot and issue pursuant to the Placing, Open Offer, Firm Placing and Warrant Exercise
“Non-Executive Directors”	the non-executive directors of the Company
“Notice of General Meeting”	the notice of General Meeting set out at the back of this document
“Nominated Person”	as defined in the Notice of General Meeting
“NPS”	Net Promotor Score
“Numis”	Numis Securities Limited
“Offer Price”	10 pence per share
“Official List”	the Official List of the FCA
“Open Offer”	the conditional invitation to Qualifying Shareholders to subscribe for the New Shares at the Offer Price on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form
“Open Offer Entitlements”	entitlements to subscribe for the New Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
“Open Offer Shares”	the 354,598,212 New Shares which may be issued pursuant to the Open Offer
“Overseas Shareholders”	Shareholders with registered addresses in, or who are citizens, residents or nationals of jurisdictions outside the United Kingdom
“Panel”	The Panel on Takeovers and Mergers
“Placees”	any persons who shall agree to subscribe for shares pursuant to the Placing
“Placing”	the placing by Numis, as agent of and on behalf of the Company, of any Open Offer Shares not subscribed for under the Open Offer, on the terms and subject to the conditions of the Sponsor and Placing Agreement and such other terms as may be announced by the Company through a Regulatory Information Service at the time the Placing commences
“POI Law”	Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended)
“Pre-Emption Group’s Statement of Principles”	the most recently published Pre-Emption Group’s Statement of Principles on Disapplying Pre-Emption Rights

“Proposals”	the Capital Raise and the Delisting and AIM Admission
“Prospectus Delegated Regulation”	the Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation
“Prospectus Regulation”	the Prospectus Regulation (EU) 2017/1129 and amendments thereto
“Prospectus Regulation Rules”	the prospectus rules published by the FCA under section 73A of FSMA
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Shares in uncertificated form
“Qualifying Non- CREST Shareholders”	Qualifying Shareholders holding Shares in certificated form
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Record Date with the exclusion of persons with a registered address or located or resident in an Excluded Territory
“QCA Corporate Governance Code”	the Corporate Governance Code issued by the Quoted Companies Alliance, as amended from time to time
“Ravenscroft”	Ravenscroft (CI) Limited
“Ravensworth”	Ravensworth International Limited
“Receiving Agent”	EQ
“Record Date”	close of business on 12 November 2020
“Registrar”	EQ
“Regulation S”	Regulation S under the Securities Act
“Relevant Member State”	each member state of the European Economic Area (except the United Kingdom)
“Resolutions”	Resolutions 1 through 9 to be proposed at the General Meeting, as set out in the notice at the back of this document
“Revolving Credit Facility”	the Group’s undrawn overdraft and revolving credit facility of £25 million
“SDRT”	Stamp Duty Reserve Tax
“Securities Act”	United States Securities Act of 1933, as amended
“SEDOL”	Stock Exchange Daily Official List
“Senior Financing Facility”	the Group’s £220 million term loan facility, as set out in the senior facility agreement dated 20 June 2018 entered into between, among others, Hero Acquisitions Limited (a subsidiary of the Company), Global Loan Agency Services Limited (as Agent), Glas Trust Corporation Limited (as Security Agent) and HPS Investment Partners and associated lending entities (as the Original Lenders)
“Shareholders”	holders of Shares
“Shares”	ordinary shares of one pence each in the capital of the Company having the rights set out in the Articles as described in paragraph 4 of Part X – Additional Information
“Share Schemes”	the share-based incentive schemes operated by the Group, consisting of the 2017 share awards made by the Group in the form of market value options over ordinary shares; the Group’s 2018 and 2019 Long Term Incentive plans; and the 2020 Restricted Stock awards made under the Group’s Long Term Incentive Plans
“SIPP”	a Self-Invested Personal Pension Plan
“Sponsor”	Numis Securities Limited



“Sponsor and Placing Agreement”	the sponsor and placing agreement entered into between the Company and Numis on 16 November 2020 in respect of Numis’ role as sponsor to the Company in connection with the Capital Raise and Admission
“Top Up Shares”	such number of shares belonging to Exponent as would be required to increase the total voting rights that Ravensworth controls to be 25.1% of the Company’s total voting rights
“Tosca” or “Toscafund”	Toscafund Asset Management LLP
“UK Corporate Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
“UK Government”	the government of the United Kingdom
“UK Government’s Job Retention Scheme”	the UK Government’s Coronavirus Job Retention Scheme
“UKP”	UK Platforms Limited
“Unaudited <i>Pro Forma</i> Financial Information”	unaudited <i>pro forma</i> statement of net assets and accompanying notes set out in Section A of Part VIII prepared to show the effect of the Capital Raise on the Group’s net assets as at 27 June 2020 as if the Capital Raise had been undertaken at that date
“uncertificated” or “in uncertificated form”	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“VAT”	(i) any tax charged in accordance with the Value Added Tax Act 1994, as may be amended or substituted from time to time; (ii) any tax imposed by any member state in conformity with the directive of the council of the European Union on the common system of value added tax (2006/112/EC), and (iii) any tax corresponding to, or substantially similar to, the taxes referred to in paragraphs (i) and (ii) of this definition
“Warrant Exercise”	the exercise by HPS of its rights to subscribe for New Shares in connection with the Capital Raise pursuant to the terms of the HPS Warrants

# NOTICE OF GENERAL MEETING

## HSS HIRE GROUP PLC

(registered in England and Wales under number 09378067)

Notice is hereby given that a General Meeting of HSS Hire Group plc (the **Company**) will be held at 11.00 a.m. on 4 December 2020 at Hilton Garden Inn, Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ (the **General Meeting**). In light of the Coronavirus (COVID-19) outbreak, shareholders will not be able to attend the General Meeting in person. The General Meeting will be convened with the minimum necessary quorum of shareholders which will be facilitated by the Company.

You are being asked to consider and pass the resolutions below (the **Resolutions**). Resolutions 3, 4, 5 and 9 will be proposed as special resolutions. All other Resolutions will be proposed as ordinary resolutions. Each Resolution will have effect from the close of business on the date of the General Meeting.

### Resolution 1

THAT, subject to and conditional upon the passing of each of the Resolutions the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the **Act**) to:

- (a) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £5,402,172.22 pursuant to or in connection with the Capital Raise and up to an aggregate nominal amount of £270,108.61 pursuant to or in connection with any Warrant Exercise, in each case as defined and described in the combined prospectus and circular of the Company dated 16 November 2020 of which this Notice of General Meeting forms part (the **Prospectus**), for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed; and
- (b) make an offer or agreement in connection which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.

### Resolution 2

THAT, subject to and conditional upon the passing of each of the Resolutions, in addition to the authority granted by Resolution 1:

- (a) the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Act to:
  - (i) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
    - (A) up to an aggregate nominal amount of £2,027,005.06; and
    - (B) comprising equity securities (as defined in the Act) up to an aggregate nominal amount of £4,054,010.13 (including within such limit any shares issued or rights granted under paragraph (a)(i)(A) above) in connection with or pursuant to an offer or invitation by way of a rights issue:
      - (I) to holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to their existing holdings; and
      - (II) to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities;

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever;

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed); and

- (ii) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;
- (b) subject to paragraph (c) below, all existing authorities given to the directors pursuant to section 551 of the Act be revoked by this resolution except for any authorities given pursuant to Resolution 1; and
- (c) paragraph (b) above shall be without prejudice to the continuing authority of the directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

### **Resolution 3**

THAT, subject to and conditional upon the passing of each of the Resolutions, the directors of the Company be generally and unconditionally empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in the Act) in the Company for cash pursuant to the authority conferred by Resolution 1 as if section 561(1) of the Act did not apply to such allotment. This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed, but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) shall enable the allotment of equity securities in connection with the Capital Raise and any Warrant Exercise, and also any limits, restrictions or arrangements which the directors of the Company consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter in connection with the Capital Raise or any Warrant Exercise.

### **Resolution 4**

THAT, subject to and conditional upon the passing of each of the Resolutions, in addition to the authority granted by Resolution 3, the directors of the Company be generally empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in the Act) in the Company for cash pursuant to the authority conferred by Resolution 2 as if section 561(1) of the Act did not apply to such allotment. This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed), but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Resolution 2(a)(i)(B), by way of a rights issue only):
  - (i) to the holders of ordinary shares in the Company in proportion (or as nearly as may be practicable) to their existing holdings; and
  - (ii) to people who hold other equity securities, if this is required by the rights of those securities, or, if the directors consider it necessary, as permitted by the rights of those securities,

except that the directors may impose any limits or restrictions and make arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems which may arise under the laws of or the requirements of, any regulatory body or stock exchange in any territory or any other matter whatsoever; and

- (c) in the case of the authority granted under Resolution 2(a)(i)(A), shall be limited to the allotment of equity securities for cash (otherwise than pursuant to paragraph (b) above) up to an aggregate nominal amount of £304,050.76.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if, in the first paragraph of this resolution, the words “pursuant to the authority conferred by Resolution 2” were omitted.

#### **Resolution 5**

THAT, subject to and conditional upon the passing of each of the Resolutions, in addition to the authority granted by Resolution 3 and Resolution 4, the directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined in the Act) for cash, pursuant to the authority conferred by Resolution 2 as if section 561(1) of the Act did not apply to the allotment. This power:

- (a) expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date that is 15 months after the date this resolution is passed), but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) in the case of the authority granted under Resolution 2(a)(i)(A) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £304,050.76 and provided that the allotment is for the purposes of financing (or refinancing, if the power is used within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group’s Statement of Principles.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words “pursuant to the authority conferred by Resolution 2” were omitted.

#### **Resolution 6**

THAT, subject to and conditional upon the passing of each of the Resolutions, the issue of up to 567,228,083 ordinary shares in the Company of one pence each pursuant to the Capital Raise and any Warrant Exercise for cash at a price of ten pence per share (which represents a discount of more than 10% to the middle market price of the ordinary shares in the Company as at 23 October 2020, being the business day prior to the announcement of the Capital Raise) and otherwise on the terms of the Prospectus be and is hereby approved.

#### **Resolution 7**

THAT, subject to and conditional upon the passing of each of the Resolutions, the terms of the Capital Raise and any Warrant Exercise be and are hereby approved and the Directors of the Company be and are hereby directed to implement the Capital Raise and any Warrant Exercise on the basis described in the Prospectus and are generally and unconditionally authorised to exercise all or any of the powers of the Company to the extent necessary to implement the Capital Raise and any Warrant Exercise.

#### **Resolution 8**

THAT, subject to and conditional upon the passing of each of the Resolutions, the allotment and issue to Toscafund of up to 39,764,843 ordinary shares in the Company each in connection with the Firm Placing, which constitutes a related party transaction pursuant to the Listing Rules (as defined in the Prospectus) by reason of Toscafund being a related party because it is a substantial shareholder in the Company (being a party which is entitled to exercise control of 10 per cent. or more of the Company’s votes able to be cast on all or substantially all of the matters at general meetings of the Company), be and is hereby approved.

**Resolution 9**

THAT, the directors of the Company be generally and unconditionally authorised to:

- (a) cancel the listing of the issued ordinary shares in the Company on the premium segment of the Official List of the Financial Conduct Authority and to remove such ordinary shares in the Company from trading on the London Stock Exchange plc's main market for listed securities; and
- (b) apply for admission of the issued ordinary shares in the Company to trading on AIM, the market of that name operated by London Stock Exchange plc.

16 November 2020

By order of the board

**Daniel Joll**  
Company Secretary

**Registered Office:**  
Oakland House  
76 Talbot Road  
Manchester  
M16 0PQ  
Registered in England and Wales No. 09378067

## NOTES

### Entitlement to attend and vote

1. In light of the ongoing COVID-19 pandemic, the board regrets that for as long as the UK Government's restrictions on public gatherings remain in place, members are not permitted to attend the General Meeting in person. Any person attempting to attend the General Meeting in person will be refused admission. The right to vote at the General Meeting is determined by reference to the Company's register of members. Only a member entered in the register of members at 6.30 p.m. on 2 December 2020 (or, if the General Meeting is adjourned, in the register of members at 6.30 p.m. two business days before any adjourned General Meeting) is entitled to vote at the General Meeting and a member may vote in respect of the number of ordinary shares in the capital of the Company registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

### Dial-in facility

2. Members will be able to listen to the business of the meeting via a telephone dial-in when answers to questions received in advance will also be provided by the Chairman.

The participant dial-in details for the General Meeting are as follows:

UK Freephone: 0800 169 0968

UK Direct: 0203 770 3317

International direct: +44 0203 770 3317

UK Direct: +44 208 996 3943 (only to be used if experiencing problems dialling primary number)

Passcode: 968 119#

### Proxies

3. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Members should appoint the chair of the General Meeting as their proxy in order for their votes to be cast. The Chairman of the General Meeting will vote in accordance with your instructions. If you do not have a proxy form and believe that you should have one, or if you require additional forms, it is available to download at [hsshiregroup.com](https://www.hsshiregroup.com).

A shareholder may only appoint a proxy or proxies by:

- going to [www.sharevote.co.uk](https://www.sharevote.co.uk) and following the instructions provided;
- if they are a user of the CREST system (including CREST personal members), having an appropriate CREST message transmitted; or
- completing and returning the proxy form enclosed in this pack or a downloaded proxy form to the Company's registrars, EQ. The proxy form can be returned either by sending a photograph or scan by e-mail to [proxyvotes@equiniti.com](mailto:proxyvotes@equiniti.com), or by post to the address indicated on the proxy form. Note that due to COVID-19 the postal services cannot be guaranteed and therefore urge shareholders to return the proxy form by e-mail rather than post.

### Sharevote

4. You can register the appointment of a proxy or proxies, or voting instructions for the General Meeting, electronically by logging on to [www.sharevote.co.uk](https://www.sharevote.co.uk). You will need to your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. Full details of the procedure are given on the website, [www.sharevote.co.uk](https://www.sharevote.co.uk). The proxy appointment and/or voting instructions must be received by EQ by 11.00 a.m. on 2 December 2020. Please note that any electronic communication sent to the Company or EQ that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the General Meeting is governed by EQ's conditions of use set out on the website, [www.sharevote.co.uk](https://www.sharevote.co.uk), which may be read by logging on to that site.

## CREST

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 4 December 2020 and any adjournment(s) thereof by using the procedures described in the CREST manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST proxy instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by EQ (ID RA19) by 11.00 a.m. on 2 December 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which EQ is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. CREST personal members, sponsored members and CREST members who have appointed a voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Further details of the appointment of proxies are given in the notes to the proxy form enclosed with this pack.

You may not use any electronic address provided in this notice of General Meeting (including the proxy form) to communicate with the Company for any purposes other than those expressly stated. To appoint more than one proxy, please fill in a separate copy of the proxy form. However, please note that the Group advises **shareholders to appoint only the chair of the meeting (and not any named individual) as their proxy, this will ensure your votes are cast in accordance with your wishes. If you appoint someone else as your proxy, that proxy will not be permitted to attend the meeting in person and therefore your vote will not be counted.**

**IMPORTANT: In any case your proxy form must be received by the Company's registrars, EQ, by no later than 11.00 a.m. on 2 December 2020. The Group strongly recommends returning proxy forms by e-mail, as the postal service cannot be guaranteed due to COVID-19.**

## Corporate representatives

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers, provided that if two or more representatives purport to vote in respect of the same shares:
  - if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
  - in other cases, the power is treated as not exercised.

### **Nominated persons**

7. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a *Nominated Person*) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

### **Issued share capital and total voting rights**

8. As at 13 November 2020 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 170,207,142 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 13 November 2020 is 170,207,142. As at 13 November 2020 the Company held no ordinary shares as treasury shares.

### **Members' rights to ask questions**

9. As a result of the UK Government's restrictions on public gatherings in light of the COVID-19 pandemic, members are currently not permitted to attend this General Meeting in person. However, the Group recognises the importance of being able to answer members' questions. Members are therefore invited to e-mail [legalcosec@hss.com](mailto:legalcosec@hss.com), including their Shareholder Reference Number, with any questions relating to the business of the General Meeting which they would like to have considered. The Group requests that questions be submitted by 5.00 p.m. on 2 December 2020 at the latest.

Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if:

- to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form – of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

### **Website**

10. A copy of this notice, and other information required by s311A of the Act, can be found at [www.hsshiregroup.com](http://www.hsshiregroup.com).

### **Voting results**

11. The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on the Group's website [www.hsshiregroup.com](http://www.hsshiregroup.com) as soon as practicable after the General Meeting.