

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or from another appropriately authorised independent financial adviser if you are outside the United Kingdom.**

This document comprises a prospectus (the "**Prospectus**") relating to Breedon Group plc incorporated in England and Wales ("**New Breedon**" or the "**Company**") and has been prepared in accordance with the prospectus regulation rules (the "**Prospectus Regulation Rules**") of the Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000, as amended from time to time (the "**FSMA**"). This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic UK law by virtue of the EU (Withdrawal Act) 2018, as amended from time to time (the "**UK Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation, and such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This Prospectus is not an offer or invitation to the public to subscribe for or purchase the ordinary shares in the capital of the Company (the "**New Breedon Shares**"). The New Breedon Shares will be issued solely pursuant to a scheme of arrangement proposed by Breedon Group plc (incorporated in Jersey with company number 98465) ("**Breedon**") pursuant to article 125 of the Companies (Jersey) Law 1991 to introduce New Breedon to the Group as a new English-incorporated holding company (the "**Scheme**") on the assumption that the Scheme will become effective in accordance with its current terms. This Prospectus is being issued solely in connection with the admission of the New Breedon Shares to listing on the premium listing segment of the Official List of the FCA (the "**Official List**") and to trading on London Stock Exchange plc's (the "**London Stock Exchange**") main market for listed securities (the "**Main Market**") (together, "**Admission**"). The Prospectus will be made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

Applications have been made to the FCA and to the London Stock Exchange for the entire issued and to be issued ordinary share capital of the Company to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market. If the Scheme proceeds as currently planned, it is expected that Admission will become effective and that dealings in the New Breedon Shares will commence at 8:00 a.m. on 17 May 2023. The admission to trading on AIM of the ordinary shares in the capital of Breedon ("**Breedon Shares**") will also be cancelled on that date. No application has been, or is currently intended to be, made for New Breedon Shares to be admitted to listing or trading on any other stock exchange.

The Company and its directors (whose names appear in Part VI (*Directors and Corporate Governance*) of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

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## **Breedon Group Plc**

("New Breedon" or the "Company")



(incorporated in England and Wales with registered number 14739556)

**Admission of a maximum of 338,905,147 New Breedon Shares of £1.40 each to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange**

**Sponsor**  
**Numis Securities Limited**

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**You should read this Prospectus (including any information incorporated by reference herein) in its entirety. See Part I (*Risk Factors*) of this Prospectus for a discussion of certain risks and other factors relating to the Group that should be considered prior to any investment in the New Breedon Shares. YOU SHOULD NOT RELY SOLELY ON INFORMATION SUMMARISED IN THE SECTION OF THIS DOCUMENT ENTITLED "SUMMARY".**

Numis Securities Limited ("**Numis**" or the "**Sponsor**"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for the Company and Breedon and no one else in connection with Admission and the Scheme and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to Admission and the Scheme and will not be responsible to anyone other than the Company and Breedon for providing the protections afforded to its clients nor for giving advice in relation to Admission, the Scheme, or any other matter or arrangement referred to or information contained in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis under 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, none of Numis nor any of its subsidiaries, holding companies, branches or affiliates nor any of their respective directors, officers, employees, agents or advisers, owes or accepts or shall assume any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person in relation to Admission, the Scheme or any other matter or arrangement referred to in this Prospectus or for any acts or omissions of the Company and no representation or warranty, express or implied, is made by any of them as to the contents of this Prospectus, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by or on the Company's or Breedon's behalf, or by Numis, or on Numis' behalf, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether to the past or future. To the fullest extent permitted by law, Numis and its subsidiaries, holding companies branches and affiliates and each of their respective directors, officers, employees, agents and advisers accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

Numis or its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for the Company or Breedon or any of their affiliates, for which they would have received customary fees. Numis or its affiliates may provide such services to the Company and any of its affiliates in the future.

#### **Important notices**

A copy of this Prospectus, together with all information incorporated into this Prospectus by reference to another source, will be made available on the website of the Group at <https://www.breedongroup.com/aim-to-main> from the date on which this Prospectus is published. For the avoidance of doubt, information contained on the Group's website, other than the information as set out in Part XIII (*Documents Incorporated by Reference*), does not form part of this Prospectus. Prospective investors should only rely on the information contained in this Prospectus and contained in any documents incorporated into this Prospectus by reference. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any document incorporated by reference and, if given or made, such information or representation must not be relied upon as having been so authorised.

The contents of this Prospectus must not be construed as legal, business or tax advice. New Breedon investors must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of New Breedon Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Breedon Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Breedon Shares. Investors must rely on their own representatives, including their own legal advisers, financial advisers, tax advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of the Company and/or Numis nor any of their respective representatives is making any representation to any purchaser of New Breedon Shares regarding the legality of an investment in the New Breedon Shares by such purchaser under the laws applicable to such offeree or purchaser.

To the extent relevant, the Company will comply with its obligation to publish supplementary prospectuses pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules containing further updated information required by law or by any regulatory authority but, except as required by any other applicable law, assumes no further obligation to publish additional information. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor Admission nor any subsequent subscription or sale of any New Breedon Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group set out in this Prospectus or that the information in it is correct as of any date subsequent to the date of this Prospectus.

#### **Distribution and notice to U.S. and other overseas persons**

The distribution of this Prospectus in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions in relation to the New Breedon Shares or this Prospectus, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Except in the United Kingdom, no action has been taken or will be taken in any jurisdiction that would permit possession or distribution of this Prospectus in any country or jurisdiction where action for that purpose is required. Accordingly, this Prospectus may not be distributed or published in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration. Failure to comply with these restrictions may constitute a violation of the securities

laws or regulations of such jurisdictions.

This Prospectus does not constitute an offer to subscribe for or otherwise acquire New Breedon Shares in the United States or any other jurisdiction. Securities may not be offered or sold in the United States unless they are registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or are exempt from such registration. The New Breedon Shares to be issued to holders of the Scheme Shares ("**Scheme Shareholders**") in connection with the Scheme will not be, and are not required to be, registered with the United States Securities and Exchange Commission (the "**SEC**") under the U.S. Securities Act, in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Breedon Shares, New Breedon will advise the Jersey Court that it will rely on the Section 3(a)(10) exemption based on the Jersey Court's sanctioning of the Scheme, which New Breedon will rely upon as an approval of the Scheme following a hearing on its fairness to Scheme Shareholders. New Breedon has given notice to all Scheme Shareholders of such hearing, and all such Scheme Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme.

The New Breedon Shares have not been approved or disapproved by the SEC, any state's securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Breedon Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Scheme Shareholders who are citizens or residents of the United States should consult their own legal and tax advisers with respect to the legal and tax consequences of this transaction in their particular circumstances.

This Prospectus is dated 11 May 2023.

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## SUMMARY

### Section A – Introduction and warnings

#### A.1 - Introduction

The name of the Company is Breedon Group plc ("**New Breedon**" or the "**Company**"). The Company's registered number is 14739556 and its registered office is Pinnacle House, Breedon on the Hill, Derby, DE73 8AP (tel: +44 (0) 1332 694000). The Legal Entity Identifier ("**LEI**") of the Company is 213800DQGNQE3X76WS92.

On Admission, the ISIN of the New Breedon Shares will be GB00BM8NFJ84.

#### A.2 - Competent Authority

This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority with its head office at 12 Endeavour Square, London E20 1JN (tel: +44 20 7066 1000).

#### A3 - Date of approval

This prospectus was approved by the FCA on 11 May 2023.

#### A.4 - Warnings

This summary should be read as an introduction to this Prospectus. Any decision to invest in the New Breedon Shares should be based on a consideration of the Prospectus as a whole (including information incorporated by reference).

An investor could lose all or part of their invested capital.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.

### Section B – Key information on the issuer

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

##### B.1.1 Legal and commercial name and LEI

The name of the Company is Breedon Group plc. The Company's LEI is 213800DQGNQE3X76WS92.

##### B.1.2 Domicile, legal form, legislation and country of incorporation

The Company is incorporated in England and Wales under the Companies Act 2006 as a public company limited by shares with registered number 14739556. The Company is domiciled in the United Kingdom and operates under English law, including the Companies Act 2006 and the regulations made thereunder. It is subject to the Takeover Code.

##### B.1.3 Principal activities

The Group is a leading vertically-integrated construction materials group operating in Great Britain and Ireland. Its core outputs are aggregates and cement, from which it produces a range of products including asphalt, ready-mixed concrete and specialist building products. The Group also delivers surfacing solutions. Breedon has been quoted on AIM since 2008.

##### B.1.4 Major shareholders

The Company is, at the date of this Prospectus, a wholly-owned direct subsidiary of Breedon. It was incorporated in anticipation of the Scheme and Admission. In accordance with the Scheme, it is expected that on the Scheme Effective Date the Company will become the holding company of Breedon and of the Group.

As at the Latest Practicable Date and at the date of Admission (as applicable) and insofar as it is known to the Company, the following Breedon Shareholders and New Breedon Shareholders are and will be (as applicable) directly or indirectly interested in 3 per cent. (being the threshold for notification of voting rights pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules) or more of the voting rights of Breedon or New Breedon (as applicable):

| Name of Shareholder                 | Number of Breedon Shares as at the Latest Practicable Date | Percentage of total voting rights of Breedon Shareholders as at the Latest Practicable Date | Number of New Breedon Shares as at the date of Admission | Percentage of total voting rights of New Breedon Shareholders as at the date of Admission <sup>1</sup> |
|-------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Abicad Holding Limited <sup>2</sup> | 211,774,471                                                | 12.50%                                                                                      | 42,354,894                                               | 12.50%                                                                                                 |
| Lansdowne Partners                  | 167,590,677                                                | 9.89%                                                                                       | 33,518,135                                               | 9.89%                                                                                                  |
| Blackrock Investment Management     | 82,372,731                                                 | 4.86%                                                                                       | 16,474,546                                               | 4.86%                                                                                                  |
| MFS Investment Management           | 77,661,414                                                 | 4.58%                                                                                       | 15,532,282                                               | 4.58%                                                                                                  |
| Man GLG                             | 76,083,634                                                 | 4.49%                                                                                       | 15,216,726                                               | 4.49%                                                                                                  |
| Columbia Threadneedle Investments   | 72,271,156                                                 | 4.27%                                                                                       | 14,454,231                                               | 4.27%                                                                                                  |
| Baillie Gifford & Co                | 68,772,538                                                 | 4.06%                                                                                       | 13,754,507                                               | 4.06%                                                                                                  |
| Aviva Investors                     | 57,898,692                                                 | 3.42%                                                                                       | 11,579,738                                               | 3.42%                                                                                                  |
| Soros Fund Management               | 55,935,293                                                 | 3.30%                                                                                       | 11,187,058                                               | 3.30%                                                                                                  |
| Polar Capital                       | 51,514,809                                                 | 3.04%                                                                                       | 10,302,961                                               | 3.04%                                                                                                  |

None of the shareholders referred to above will have, on Admission, different voting rights from any other holder of New Breedon Shares in respect of New Breedon Shares held by them. The Directors are not aware of any person who directly or indirectly, jointly or severally, owns or could exercise control over Breedon.

### B.1.5 Key managing directors

The Executive Directors of the Company are Rob Wood and James Brotherton.

### B.1.6 Statutory auditors

The statutory auditors of the Company with effect from Admission are expected to be KPMG LLP of One Snowhill, Snowhill, Queensway, Birmingham B4 6GH.

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

New Breedon was incorporated on 17 March 2023 and has no historical operations. It has one wholly-owned subsidiary, Breedon Midco Limited ("**Midco**"), incorporated on 3 April 2023 which also has no historical operations. Unless otherwise indicated, the financial information presented in this Prospectus has been extracted or derived from the audited consolidated historical financial information of Breedon which, on Admission, will be a wholly-owned subsidiary of New Breedon.

### Part A - Key financial information of the Group

The tables below set out the financial information of the Group for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022. The information has been prepared in accordance with UK adopted international financial reporting standards ("**IFRS**").

### Consolidated Income Statement

|                                                 | Year ended 31 December |         |         |
|-------------------------------------------------|------------------------|---------|---------|
|                                                 | 2020                   | 2021    | 2022    |
|                                                 | <i>(audited)</i>       |         |         |
|                                                 | <i>(£m)</i>            |         |         |
| <b>Revenue</b>                                  | 928.7                  | 1,232.5 | 1,396.3 |
| Cost of sales                                   | (630.8)                | (804.1) | (910.1) |
| <b>Gross profit</b>                             | 297.9                  | 428.4   | 486.2   |
| Distribution expenses                           | (158.1)                | (210.6) | (231.0) |
| Administrative expenses                         | (79.9)                 | (93.3)  | (110.7) |
| <b>Group operating profit</b>                   | 59.9                   | 124.5   | 144.5   |
| Share of profit of associate and joint ventures | 1.7                    | 2.9     | 3.5     |
| <b>Profit from operations</b>                   | 61.6                   | 127.4   | 148.0   |
| Financial income                                | -                      | -       | 0.2     |
| Financial expense                               | (13.5)                 | (13.1)  | (12.4)  |
| <b>Profit before taxation</b>                   | 48.1                   | 114.3   | 135.8   |

<sup>1</sup> On the basis that the maximum number of New Breedon Shares which will be in issue on Admission will be 338,905,147 assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Shareholders do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

<sup>2</sup> Amit Bhatia had previously been appointed as Abicad Holding Limited's representative director on the Breedon Board pursuant to a relationship agreement dated 17 November 2015, however this relationship agreement has been terminated in accordance with its terms.

|                              | Year ended 31 December |               |               |
|------------------------------|------------------------|---------------|---------------|
|                              | 2020                   | 2021          | 2022          |
|                              | <i>(audited)</i>       |               |               |
|                              | <i>(£m)</i>            |               |               |
| Tax at effective rate        | (8.5)                  | (18.4)        | (22.1)        |
| Changes in deferred tax rate | (5.9)                  | (17.3)        | (1.1)         |
| <b>Taxation</b>              | <b>(14.4)</b>          | <b>(35.7)</b> | <b>(23.2)</b> |
| <b>Profit for the year</b>   | <b>33.7</b>            | <b>78.6</b>   | <b>112.6</b>  |
| <b>Attributable to:</b>      |                        |               |               |
| Breedon Group shareholders   | 33.6                   | 78.5          | 112.5         |
| Non-controlling interests    | 0.1                    | 0.1           | 0.1           |
| <b>Profit for the year</b>   | <b>33.7</b>            | <b>78.6</b>   | <b>112.6</b>  |

## Consolidated Statement of Financial Position

|                                            | As at 31 December             |                |                |
|--------------------------------------------|-------------------------------|----------------|----------------|
|                                            | 2020                          | 2021           | 2022           |
|                                            | <i>(audited)</i>              |                |                |
|                                            | <i>(£m)</i>                   |                |                |
|                                            | <i>(restated)<sup>1</sup></i> |                |                |
| <b>ASSETS</b>                              |                               |                |                |
| <b>Non-current assets</b>                  |                               |                |                |
| Property, plant and equipment              | 737.1                         | 749.9          | 787.9          |
| Right-of-use assets                        | 75.1                          | 49.6           | 47.1           |
| Intangible assets                          | 512.6                         | 501.5          | 518.2          |
| Investment in associate and joint ventures | 11.2                          | 12.2           | 13.7           |
| Trade and other receivables                | 3.2                           | 4.5            | 3.8            |
| <b>Total non-current assets</b>            | <b>1,339.2</b>                | <b>1,317.7</b> | <b>1,370.7</b> |
| <b>Current assets</b>                      |                               |                |                |
| Inventories                                | 59.4                          | 62.0           | 94.8           |
| Trade and other receivables                | 189.7                         | 205.9          | 218.6          |
| Current tax receivable                     | 0.9                           | -              | -              |
| Cash and cash equivalents                  | 31.7                          | 83.9           | 101.7          |
| <b>Total current assets</b>                | <b>281.7</b>                  | <b>351.8</b>   | <b>415.1</b>   |
| <b>TOTAL ASSETS</b>                        | <b>1,620.9</b>                | <b>1,669.5</b> | <b>1,785.8</b> |
| <b>LIABILITIES</b>                         |                               |                |                |
| <b>Current liabilities</b>                 |                               |                |                |
| Interest-bearing loans and borrowings      | (64.7)                        | (7.2)          | (7.9)          |
| Trade and other payables                   | (245.5)                       | (257.7)        | (263.8)        |
| Current tax payable                        | -                             | (4.7)          | (3.8)          |
| Provisions                                 | (5.0)                         | (9.5)          | (9.2)          |
| <b>Total current liabilities</b>           | <b>(315.2)</b>                | <b>(279.1)</b> | <b>(284.7)</b> |
| <b>Non-current liabilities</b>             |                               |                |                |
| Interest-bearing loans and borrowings      | (285.3)                       | (289.2)        | (291.5)        |
| Provisions                                 | (60.3)                        | (63.9)         | (76.8)         |
| Deferred tax liabilities                   | (71.7)                        | (87.5)         | (89.0)         |
| <b>Total non-current liabilities</b>       | <b>(417.3)</b>                | <b>(440.6)</b> | <b>(457.3)</b> |
| <b>TOTAL LIABILITIES</b>                   | <b>(732.5)</b>                | <b>(719.7)</b> | <b>(742.0)</b> |
| <b>NET ASSETS</b>                          | <b>888.4</b>                  | <b>949.8</b>   | <b>1,043.8</b> |

|                                                                | As at 31 December |              |                |
|----------------------------------------------------------------|-------------------|--------------|----------------|
|                                                                | 2020              | 2021         | 2022           |
|                                                                | (audited)<br>(£m) |              |                |
| <b>EQUITY</b>                                                  |                   |              |                |
| <b>Equity attributable to Breedon Group shareholders</b>       |                   |              |                |
| Stated capital                                                 | 551.6             | 553.0        | 555.0          |
| Hedging reserve                                                | 0.2               | 1.2          | 0.1            |
| Translation reserve                                            | 4.9               | (9.8)        | 0.4            |
| Retained earnings                                              | 331.6             | 405.2        | 488.0          |
| <b>Total equity attributable to Breedon Group shareholders</b> | <b>888.3</b>      | <b>949.6</b> | <b>1,043.5</b> |
| <b>Non-controlling interests</b>                               | <b>0.1</b>        | <b>0.2</b>   | <b>0.3</b>     |
| <b>TOTAL EQUITY</b>                                            | <b>888.4</b>      | <b>949.8</b> | <b>1,043.8</b> |

Note:

1. Restated for finalisation of provisional fair values of the assets and liabilities recognised in respect of the Cemex acquisition in 2020, following a review during the IFRS 3 hindsight period and classification of trade and other receivables.

### Consolidated Statement of Cash Flows

|                                                                              | Year ended 31 December |               |                |
|------------------------------------------------------------------------------|------------------------|---------------|----------------|
|                                                                              | 2020                   | 2021          | 2022           |
|                                                                              | (audited)<br>(£m)      |               |                |
| <b>Cash flows from operating activities</b>                                  |                        |               |                |
| Profit for the year                                                          | 33.7                   | 78.6          | 112.6          |
| <b>Adjustments for:</b>                                                      |                        |               |                |
| Depreciation and mineral depletion                                           | 74.4                   | 83.3          | 83.5           |
| Amortisation                                                                 | 3.6                    | 3.6           | 4.8            |
| Financial income                                                             | -                      | -             | (0.2)          |
| Financial expense                                                            | 13.5                   | 13.1          | 12.4           |
| Share of profit of associate and joint ventures                              | (1.7)                  | (2.9)         | (3.5)          |
| (Gain)/loss on sale of property, plant and equipment                         | 4.6                    | -             | 2.4            |
| Gain on stepped acquisition                                                  | -                      | -             | (0.3)          |
| Share-based payments                                                         | 1.0                    | 2.9           | 1.2            |
| Taxation                                                                     | 14.4                   | 35.7          | 23.2           |
| <b>Operating cash flows before changes in working capital and provisions</b> | <b>143.5</b>           | <b>214.3</b>  | <b>236.1</b>   |
| Increase in trade and other receivables                                      | (26.4)                 | (17.6)        | (0.2)          |
| Increase/(decrease) in inventories                                           | 10.4                   | (3.5)         | (31.7)         |
| (Decrease)/Increase in trade and other payables                              | 64.6                   | (17.2)        | (9.1)          |
| Increase in provisions                                                       | 7.4                    | 6.7           | 7.7            |
| <b>Cash generated from operating activities</b>                              | <b>199.5</b>           | <b>217.1</b>  | <b>202.8</b>   |
| Interest paid                                                                | (7.7)                  | (6.8)         | (6.7)          |
| Interest element of lease payments                                           | (2.6)                  | (2.6)         | (2.5)          |
| Interest received                                                            | -                      | -             | 0.2            |
| Dividend paid to non-controlling interests                                   | (0.1)                  | -             | -              |
| Income taxes paid                                                            | (20.7)                 | (13.6)        | (25.8)         |
| <b>Net cash from operating activities</b>                                    | <b>168.4</b>           | <b>194.1</b>  | <b>168.0</b>   |
| <b>Cash flows from investing activities</b>                                  |                        |               |                |
| Acquisition of businesses                                                    | (151.7)                | (6.1)         | (12.6)         |
| Divestment of businesses                                                     | 9.0                    | -             | -              |
| Dividends from associate and joint ventures                                  | 1.3                    | 1.9           | 1.7            |
| Purchase of property, plant and equipment                                    | (38.1)                 | (76.9)        | (106.8)        |
| Proceeds from sale of property, plant and equipment                          | 1.7                    | 5.6           | 4.8            |
| <b>Net cash used in investing activities</b>                                 | <b>(177.8)</b>         | <b>(75.5)</b> | <b>(112.9)</b> |

|                                                         | Year ended 31 December |               |               |
|---------------------------------------------------------|------------------------|---------------|---------------|
|                                                         | 2020                   | 2021          | 2022          |
|                                                         | <i>(audited)</i>       |               |               |
|                                                         | <i>(£m)</i>            |               |               |
| <b>Cash flows (used in) / from financing activities</b> |                        |               |               |
| Dividends paid                                          | -                      | (8.4)         | (30.5)        |
| Proceeds from the issue of shares (net of costs)        | 1.6                    | 1.4           | 2.0           |
| Proceeds from new interest-bearing loans (net of costs) | 79.5                   | 513.9         | -             |
| Repayment of interest-bearing loans                     | (53.4)                 | (563.1)       | -             |
| Revolving Credit Facility extension costs               | -                      | -             | (0.7)         |
| Repayment of lease obligations                          | (10.8)                 | (9.7)         | (8.8)         |
| <b>Net cash (used in)/from financing activities</b>     | <b>16.9</b>            | <b>(65.9)</b> | <b>(38.0)</b> |
| <b>Net increase in cash equivalents</b>                 | <b>7.5</b>             | <b>52.7</b>   | <b>17.1</b>   |
| Cash and cash equivalents at 1 January                  | 23.8                   | 31.7          | 83.9          |
| Foreign exchange differences                            | 0.4                    | (0.5)         | 0.7           |
| <b>Cash and cash equivalents at 31 December</b>         | <b>31.7</b>            | <b>83.9</b>   | <b>101.7</b>  |

### B.2.3 Qualifications in the audit report

Not applicable: the audit reports on the historical financial information incorporated by reference in this Prospectus do not contain any qualifications.

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

### B.3.1 Key risks

- The transition to a lower carbon economy could have a material adverse effect on the Group's business, operating results, financial condition or prospects.
- The Group's business may be adversely affected by changes in the macroeconomic environment which could reduce demand for the Group's products and therefore have a material adverse effect on its business, operating results, financial condition or prospects.
- Future changes in UK or Irish Government spending policy, or failure of current policies and initiatives, could have an adverse effect on the Group.
- Any increase in the Group's input costs could significantly impact profitability.
- Any failure to effectively manage environmental impact could expose the Group to disruption, financial liabilities and reputational damage which could have a material adverse effect on its business, operating results, financial condition or prospects.
- Any failure to adequately manage health, safety and wellbeing risks of the Group's stakeholders could expose the Group to disruption, financial liabilities and reputational damage which could have a material adverse effect on its business, operating results, financial condition or prospects.
- Material disruption to one or more of the Group's larger operating locations could prevent the Group from meeting customer demand, reduce its revenue and have a material adverse effect on the Group's business, operating results, financial condition or prospects.
- The Group is exposed to risks of failure of its IT infrastructure or a cyber security breach which, particularly in light of increased customer demands for digitalisation, could affect the Group's operational performance and lead to reputational damage, regulatory penalties and significant financial loss.
- Any breach of, or change in, laws or regulations to which the Group or its employees, business partners and suppliers are subject could result in significant disruption, financial liabilities and reputational damage to the Group.
- Any failure by the Group to successfully implement its inorganic growth strategy, including a failure to identify, integrate or achieve the expected returns from an acquisition, could have a material adverse effect on its business, operating results, financial condition or prospects.
- Any failure of the Group to replenish its mineral reserves or resources, or to secure raw materials from suppliers, could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

## Section C – Key information on the securities

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

#### C.1.1 - Description of type and class of securities

Under the Scheme, assuming no further Breedon Shares are issued after 9 May 2023 (being the Latest Practicable Date), the holders of Breedon Shares will receive one ordinary share initially with a nominal value of £1.40 each in the

capital of New Breedon (the "**New Breedon Shares**" and any one of them a "**New Breedon Share**") (providing that any fraction of a New Breedon Share shall be disregarded) in exchange for every 5 Breedon Shares held.

When admitted to trading, the New Breedon Shares will be registered with ISIN GB00BM8NFJ84 and SEDOL BM8NFJ8 and trade under the symbol "BREE". Together with the Subscription Shares (as defined below), the New Breedon Shares will, on Admission, comprise the entire issued share capital of the Company.

#### **C.1.2 - Currency of securities**

The New Breedon Shares will be denominated in Pounds Sterling.

#### **C.1.3 - Number of New Breedon Shares issued and nominal value**

As at the date of this Prospectus, the Company has 14,286 fully paid subscription shares of £3.50 nominal value in issue (the "**Subscription Shares**"). The Company has no partly paid shares in issue. On Admission, the Company is expected to have in issue (i) a maximum of 338,905,147 fully paid New Breedon Shares and (ii) 14,286 Subscription Shares. The Subscription Shares will not be admitted to listing or trading and will not have any voting rights following Admission. Following the Scheme Effective Date and after Admission, it is expected that there will be a capital reduction in New Breedon sanctioned by the UK Court to create distributable profits and which will reduce the nominal value of New Breedon Shares from £1.40 to £0.01. The Subscription Shares will be cancelled by way of the Capital Reduction shortly following Admission.

#### **C.1.4 - Rights attaching to the New Breedon Shares**

The rights attaching to the New Breedon Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per New Breedon Share. Except as provided by the rights and restrictions attached to any class of shares, shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

#### **C.1.5 - Seniority of securities**

Not applicable. There is no difference in seniority between New Breedon Shares.

#### **C.1.6 - Restrictions on free transferability of the New Breedon Shares**

On Admission there will be no restrictions on the free transferability of the New Breedon Shares, other than certain transfer restrictions under the Companies Act for persons failing to respond to statutory notices issued by the Company requiring information about interests in its shares.

#### **C.1.7 - Dividend policy**

The Company is committed to a progressive dividend policy. Assuming continued positive trading conditions and cash generation, the Company intends to target a payout ratio of 40 per cent. of Underlying EPS over time. However, there are no guarantees that the Company will pay future dividends at all or the level of any such dividends. The Company may revise its dividend policy from time to time.

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

#### **C.2.1 - Admission**

Applications have been made to the FCA and the London Stock Exchange for all of the New Breedon Shares to be admitted to listing on the premium listing segment of the Official List of the FCA and to trading on the Main Market respectively. No application has been made or is currently intended to be made for the New Breedon Shares to be admitted to listing or trading on any other exchange.

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

#### **C.3.1 - Key risks**

- The share price of publicly traded companies can be highly volatile.
- The market price of the New Breedon Shares could be negatively affected by sales of substantial amounts of such New Breedon Shares in the public markets, or the perception that these sales could occur.
- There is no guarantee that the Group will pay dividends.
- Future issues of New Breedon Shares may dilute the holdings of Shareholders and may depress the price of the New Breedon Shares.

## **Section D – Key information on the offer and Admission**

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

#### **D.1.1 - Terms and conditions of the offer**

Not applicable. This Prospectus has been published solely in connection with Admission. This Prospectus does not constitute an offer to acquire securities in any jurisdiction.

#### **D.1.2 - Expected Timetable**

|                                                                                                                                                               |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Publication of this Prospectus                                                                                                                                | 11 May 2023                 |
| Jersey Court Hearing to sanction the Scheme                                                                                                                   | 9.00 a.m. on 16 May 2023    |
| Scheme Record Time                                                                                                                                            | 6.00 p.m. on 16 May 2023    |
| Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Breedon Shares on AIM                                             | 16 May 2023                 |
| Scheme Effective Date                                                                                                                                         | 16 May 2023                 |
| Cancellation of admission to trading of Breedon Shares on AIM                                                                                                 | by 8:00 a.m. on 17 May 2023 |
| Admission of New Breedon Shares to listing on the premium listing segment of the Official List and to trading on the Main Market and commencement of dealings | 8.00 a.m. on 17 May 2023    |
| Crediting of New Breedon Shares to CREST accounts                                                                                                             | 8:00 a.m. on 17 May 2023    |
| Share certificates for New Breedon Shares expected to be despatched within 10 Business Days of Admission                                                      | by 1 June 2023              |
| Long Stop Date                                                                                                                                                | 30 June 2023 <sup>3</sup>   |

Each of the above times and dates are indicative only. If the scheduled date of the Jersey Court Hearing to sanction the Scheme is changed, Breedon will give notice of the change by issuing an announcement through a Regulatory Information Service.

References to a time of day are to London time unless otherwise stated.

### **D.2 – Why is this Prospectus being produced?**

#### **D.2.1 - Reasons for the Prospectus**

This Prospectus is being produced solely in connection with the applications which have been made to the FCA for the New Breedon Shares to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the New Breedon Shares to be admitted to trading on its Main Market.

<sup>3</sup> or such later date as Breedon and New Breedon may agree and as the Jersey Court may allow.

## PART I. RISK FACTORS

*Investors should carefully consider risks and uncertainties associated with any investment in the New Breedon Shares, as well as the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. The risk factors set out below do not purport to be a complete list or explanation of all the risks involved in investing in the New Breedon Shares or that may adversely affect the Group's business. Other risks and uncertainties relating to an investment in the New Breedon Shares and to the Group's business that are not currently known to the Group, or that the Group currently deems immaterial, may also have a material adverse effect on its business, operating results, financial condition or prospects. If any such risks occur, the price of the New Breedon Shares may decline and you could lose all or part of your investment. You should consider carefully whether an investment in the New Breedon Shares is suitable for you in light of the information in this Prospectus and your personal circumstances.*

*Investors should note that the risks relating to the Group, its industry and the New Breedon Shares summarised in the section of this Prospectus entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by investors as to whether to invest in the New Breedon Shares. However, as the risks the Group faces relate to events and depend on circumstances that may or may not occur in the future, investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the additional risks and uncertainties described below.*

### **1. Risks relating to the Group's business and the industry in which it operates**

#### **1.1 *The transition to a lower carbon economy could have a material adverse effect on the Group's business, operating results, financial condition or prospects***

Certain of the Group's operations, particularly cement production, produce substantial amounts of carbon dioxide. The Group has published targets towards net zero carbon commitments in response to the UK Government's strategy to decarbonise all sectors of the UK economy by 2050, as well as customer and wider stakeholder expectations that the Group will reduce its carbon footprint. Failure to achieve the expected carbon reductions, or the Group's strategy proving insufficient to meet the requirements of future changes in government policy, could damage the Group's reputation and reduce its attractiveness to customers, employees and investors, resulting in failure to win key contracts and an increased cost of capital.

In addition, the transition to a low carbon economy is likely to result in rising and volatile input costs in areas such as electricity, fuels and the cost of carbon emission permits under the UK and EU Emissions Trading Schemes, which could negatively impact the Group's profitability if not passed on to customers. Significant capital investment may be required to transition the Group's business to net zero, potentially limiting the ability of the Group to deploy its financial resources in other areas. The Group may also see a fall in demand for its products if customers perceive the Group's carbon footprint as being too high. Any of these factors could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

In addition, substitution of the Group's products could take place as a result of the development of alternative products with stronger sustainability credentials, most notably lower carbon alternatives to cement. There is a risk that these alternative products could replace conventional types in the long term. New construction techniques that offer advantages over traditional methods could also be developed. If the Group is unable to adequately adapt to these new methods and materials, the reduced demand for its products could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

#### **1.2 *The Group's business may be adversely affected by changes in the macroeconomic environment which could reduce demand for the Group's products and therefore have a material adverse effect on its business, operating results, financial condition or prospects***

The Group is exposed to macroeconomic factors beyond its control. The Group could be adversely affected by economic, political or administrative changes in the UK or RoI, as well as increased competition within the market. In particular, given the current heightened level of macroeconomic uncertainty and high inflation, there is a risk that rising construction costs might reduce demand for the Group's products if construction projects become too costly and are deferred. This is a particular risk for the Group in the context of its supply of construction materials to the residential housing market. A combination of

the current high inflation environment, falling house prices and rising interest rates may lead to a fall in consumer spending and the volume and value of residential property transactions, and a consequent decline in residential house building targets and activity, and therefore impact demand for the Group's products. Any such decrease in demand for the Group's products may result in overcapacity, reduced sales volumes and declining revenue and/or profitability, which could therefore have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.3 *Future changes in UK or Irish Government spending policy, or failure of current policies and initiatives, could have an adverse effect on the Group***

The Group benefits from government spending on public infrastructure projects such as roads, railways and airports in the UK and RoI. Either of the UK or Irish Governments may decide to reduce present or future investment in public infrastructure projects which could reduce demand for the Group's products and increase competition. Any such reduction in demand could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

In addition, the UK or Irish Governments' current policies and initiatives may not be effective in the future. Changes to budgets, regulation, the governing political party in the United Kingdom or Ireland, the relationships between local and national government or other external factors may impact the continuation of certain schemes or programmes. For example, construction activity depends in part on government housebuilding or home buying initiatives, as well as investment in public housing. The failure of any of these initiatives or other subsidies to be fully utilised could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.4 *Any increase in the Group's input costs could significantly impact profitability***

The Group requires significant amounts of energy, fuel, bitumen and carbon emissions credits to produce and distribute its products. Its most energy intensive production process is the production of cement, particularly due to the large amounts of fuel required to heat the kilns to produce the intermediary product clinker. The cost of these resources, as well as other input materials required by the Group, is subject to market forces which have been, and may continue to be, particularly volatile due to inflationary pressures and the war in Ukraine. The Group has already been affected by rising energy costs, which were significantly higher in FY22 than in FY21.

The Company has, to date, been able to successfully pass on these increased costs to customers, supported by its layered hedging strategy which provides a degree of cost certainty around energy, bitumen and carbon credits. However, there is no guarantee that the Group will be able to continue to pass on increased input costs to customers in the future, nor is there any guarantee that its hedging strategy will be successful. In either case, if input costs continue to rise, this could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.5 *Any failure to effectively manage environmental impact could expose the Group to disruption, financial liabilities and reputational damage which could have a material adverse effect on its business, operating results, financial condition or prospects***

With a growing regulatory and wider stakeholder focus on reducing the environmental impact of the Group's operations, the Directors have set targets to improve the Group's impact in respect of energy, carbon, water, waste and biodiversity. The Group closely monitors compliance and seeks continued improvement. However, the Group may fail, or be perceived as having failed, to meet those targets, which could expose the Group to regulatory breaches, financial penalties, disruption, clean-up costs and reputational risk, any of which could have a material adverse effect on its business, operating results, financial condition or prospects.

**1.6 *Any failure to adequately manage health, safety and wellbeing risks of the Group's stakeholders could expose the Group to disruption, financial liabilities and reputational damage which could have a material adverse effect on its business, operating results, financial condition or prospects***

The Group's manufacturing and distribution sites can be inherently dangerous workplaces as they involve large pieces of mechanised equipment, moving vehicles and hazardous materials. As a result, the Group is subject to a variety of health and safety laws and regulations dealing with occupational health and safety. Although the Group has adopted measures to manage these risks, there can be no assurance that these measures will be successful in preventing accidents or breaches of health and safety laws and regulations, some of which may be beyond the Group's control.

Unsafe work sites also have the potential to increase employee turnover, raise the Group's operating costs and negatively impact the Group's relationship with trade unions. Additionally, the Group's safety record can impact its reputation. Any failure to maintain safe work sites could expose the Group to significant financial losses as well as civil and criminal liabilities, any of which could have a material adverse effect on its business, operating results, financial condition or prospects.

**1.7      *Material disruption to one or more of the Group's larger operating locations could prevent the Group from meeting customer demand, reduce its revenue and have a material adverse effect on the Group's business, operating results, financial condition or prospects***

The Group owns and operates two cement plants and a network of quarries, manufacturing and distribution facilities. Any disruption at these sites could prevent the Group from meeting demand or require the Group to incur unplanned expenditure. The equipment required to manufacture certain of the Group's products is highly specialised and if, notwithstanding the Group's preventative maintenance and inspection programmes and annual cement kiln shutdowns, any of the equipment were to fail, the time required for replacement of such equipment could be lengthy, which could result in extended downtime at the affected facility.

If any of the Group's production sites were to unexpectedly cease operations for any reason, the lack of production from these factories would need to be offset by increased production at other facilities. However, it may not be realistically possible in the short term for the Group to offset any disruptions by increasing production at other facilities, particularly if the issue related to either one of the Group's two cement plants. Moreover, where the Group has a limited number of facilities in respect of certain product types, it may not be possible to redirect production at all. Any downtime or facility damage could prevent the Group from meeting customer demand for its products or require the Group to make unplanned capital expenditure and, as a result, could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.8      *The Group is exposed to risks of failure of its IT infrastructure or a cyber security breach which, particularly in light of increased customer demands for digitalisation, could affect the Group's operational performance and lead to reputational damage, regulatory penalties and significant financial loss***

The Group is dependent on IT systems to support the delivery of its business. This dependency is being increased by the general trend towards digitalisation as customers, suppliers and government agencies seek to simplify how they do business through digital solutions. Failure to keep pace with these technological advances could lead to loss of customers and an increase in the cost of doing business for the Group. Moreover, these systems are vulnerable to damage or interruption due to system updates, malicious attacks, security breaches or similar events. This could adversely affect the Group's ability to maintain its operating processes, causing financial loss. In addition, the Group stores confidential employee and customer data obtained in the course of its business and could suffer reputational damage and/or regulatory penalties if such information were misappropriated from its systems.

As cyber security incidents continue to evolve, the Group may be required to invest in additional resources to continue to modify or enhance its protection measures or to investigate and remedy any vulnerability to cyber incidents. Cybersecurity attacks, such as phishing emails, may be attempted on its systems in the future.

If a successful cyberattack or other security breach were to occur, the Group's confidential information, or the confidential information of its customers that is stored in, or transmitted through, the Group's IT systems could be compromised or misappropriated. Any such cyberattack or other security breach, or any disruption of or failure in the physical or digital infrastructure or operating systems that support the Group's business, could significantly impact the Group's ability to operate effectively and could result in significant reputational damage for the Group, the loss of customers or business opportunities and financial losses (including as a result of regulatory fines).

Any of these events could have a material adverse effect on the Group's business, reputation, operating results, financial condition or prospects.

**1.9      *Any failure by the Group to successfully implement its inorganic growth strategy, including a failure to identify, integrate or achieve the expected returns from an acquisition, could have a material adverse effect on its business, operating results, financial condition or prospects***

The focus of the Group's growth strategy is to acquire businesses that expand or complement its existing operations. Such acquisitions involve considerable risk arising from, among other things, the Group's ability to integrate newly acquired employees, processes and products. The Group may fail to realise planned savings, synergies or opportunities for growth originally planned in the context of an acquisition. The purchase price for an acquisition may turn out to be excessive, or unforeseen expenses may be necessary (whether as a result of failure to identify issues in pre-acquisition due diligence processes or otherwise). Therefore, the success of future acquisitions cannot be guaranteed. Furthermore, the Group may not be able to identify appropriate candidates for acquisitions or negotiate acceptable terms on which to acquire them, which could lead to the Group falling behind its competitors.

Competition law could also prove an obstacle to mergers or acquisitions. The UK Competition and Markets Authority has previously required the Group to undertake to divest certain assets, or accept price controls, in order for it to grant competition clearance in respect of its acquisition of certain assets of Aggregate Industries UK Limited in 2015, its acquisition of Hope Construction Materials Limited in 2016 and its acquisition of certain assets of CEMEX Investments Limited in 2020. It is possible that similar measures may be required, or clearance may be refused, in respect of future mergers or acquisitions.

Acquisitions could affect the financing structure and debt level of the Group and might increase the goodwill position in the consolidated balance sheet. The risk of the impairment of goodwill (or other assets) increases if the assumed discount rate in an impairment test increases or the predicted cash flows decline, which might be triggered by a material economic downturn, increased interest rates or unforeseen business and financial developments. As a result, any of these factors could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.10      *Any failure of the Group to replenish its mineral reserves or resources, or to secure raw materials from suppliers, could have a material adverse effect on the Group's business, operating results, financial condition or prospects***

The majority of the Group's minerals have been purchased at historic cost and sit as mineral reserves and resources in its quarries. If the Group fails to monitor its mineral assets and adequately assess both the quality and longevity of its resources, this could impact the Group's replenishment or organic growth plans. Failure to replenish mineral reserves and resources on an adequate and timely basis could deprive the Group of a key raw material and negatively impact its production levels.

In addition, the Group sources certain raw materials from third party suppliers. Any disruption in the supply of these materials, or the cessation of the Group's existing supply arrangements, may involve additional costs and/or longer lead times, which could lead to business disruption arising from manufacturing delays.

If the Group is unable to manufacture and deliver its products to customers within appropriate timeframes, or at all, this could result in reputational damage, a loss of customers and/or additional costs. As a result, such factors could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.11      *Any failure to recruit, develop or retain the right key management and other personnel could have an adverse impact on the Group's ability to meet its strategic objectives***

The Group's future success is dependent in part on the service and contribution of its directors, senior management and other key personnel. However, there can be no assurance that the Group will be able to recruit suitably qualified people to fill these positions, or that existing employees will continue working within the Group. The loss of executive officers or other key employees could lead to a loss of relevant experience and expertise within the Group. Furthermore, while members of senior management are subject to restrictive covenants which restrict their ability to compete with the Group or solicit the Group's suppliers, customers or employees following termination of their employment, there can be no assurance that the Group will be able to enforce such restrictive covenants. The materialisation of any of these factors could have a material adverse effect on the Group's ability to meet its strategic objectives and as a result, could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.12     *The physical impacts of climate change could have a material adverse effect on the Group's business, operating results, financial condition or prospects***

The physical effects of climate change are projected to include rising sea levels, an increased likelihood of extreme weather events and natural disasters, and the possibility of water scarcity.

A small number of the Group's sites may be at increased risk of flooding, either from rising sea levels as a result of global warming, or increased rainfall causing rivers to overflow. Similarly, the geological surveys carried out by the Group indicate that a small number of its non-quarry sites may be subject to an increased risk of landslides. In addition, climate change could put additional stress on the availability of water, which is a key operating material for a number of the Group's quarries and its concrete plants. If any of these risks were to materialise, any disruption to the affected sites could prevent the Group from meeting demand or require the Group to incur unplanned expenditure, which could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.13     *Product failure could expose the Group to warranty claims, harm the Group's reputation and negatively impact the results of the Group's operations***

Some of the Group's products are used in applications where a product failure or defect could result in significant project delay, property damage, personal injury or death or could require significant remediation expenses. The Group's quality control procedures, or those of its suppliers, may fail to test for all possible conditions of use, or to identify all defects in the specifications of the Group's products. In addition, because certain of the Group's products are long lasting, claims can arise many years after their manufacture and sale. Product failures may also arise due to the quality of the raw materials the Group purchases from third party suppliers. Although the Group seeks to obtain contractual protection from suppliers, and has arrangements with insurance providers to insure against a number of such risks, it may not be able to obtain this protection in all cases or such protection may be insufficient to cover losses suffered by the Group. Furthermore, product failures may negatively impact the Group's reputation and the market perception of its product quality and reliability. Accordingly, any product failure could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.14     *Any failure by the Group to successfully implement its organic growth strategy, including the expansion of existing products or opening new sites, could have a material adverse effect on its business, operating results, financial condition or prospects***

The Group's growth strategy is underpinned in part by organic brand expansion. For example, the Group launched its new Breedon Balance range of products, all of which have sustainable attributes and meet certain environmental impact criteria. The successful expansion of the Group's existing products and sites and the realisation of the resulting benefits is based on a variety of assumptions and variables, including future economic conditions and the trading performance of the Group. There can be no assurance that the Group's assumptions will prove correct, that benefits will be realised or that strategic goals will be achieved within the estimated costs or timeframes. If the Group fails to fully implement its plans, or if the estimated and expected future financial and operational benefits are not achieved, the Group's business, operating results, financial condition or prospects could be materially adversely affected.

**1.15     *Material disruption to road and rail distribution networks could prevent the Group from meeting customer demand, reduce its revenue and have a material adverse effect on its operating results and financial position***

The Group relies heavily on road and rail transport systems to source raw materials from suppliers and its own quarries, relocate its products from its manufacturing facilities and distribute its products to customers. Any prolonged disruption to road or rail transport systems, including the availability of vehicle fuel or drivers, may hinder the Group's ability to meet delivery schedules, creating backlogs that could take time and additional resources to clear. Further, any failure to deliver the Group's products to its customers within appropriate timeframes, or at all, could potentially result in a loss of customers, exposure to damages if the delay causes the Group to breach contractually agreed delivery timescales, and/or additional costs for replacement delivery services or products. Failure to meet customer expectations could also cause reputational damage. As a result, such factors could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.16 *Industrial action and other labour relations matters could have a material adverse effect on the Group's business, operating results, financial condition or prospects***

The majority of the Group's workforce is not unionised, although there are two active trade union agreements in place covering c.300 of the Group's c.3,700 employees. No industrial action involving the Group's workforce, such as strikes or work stoppages, has occurred in the past. However, there can be no guarantee that such industrial action will not occur in the future, which could cause significant disruption, financial liabilities or reputational damage to the Group. In addition, it is possible that new trade union agreements may be put in place, which could result in increased operating costs, affect the Group's production output, limit the Group's flexibility in dealing with operational matters or increase the risk of industrial action in the future. Any of these factors could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**1.17 *Challenging economic conditions could increase the Group's exposure to credit risk from its customers***

The Group is exposed to the credit risk implied by customer default. Trade receivables consist primarily of receivables due from construction material retailers and large customers. The financial position of some of the Group's customers may have weakened, particularly due to macroeconomic changes in the aftermath of the COVID-19 pandemic (as government support measures become due for repayment) and as energy prices have risen. Therefore, credit defaults may be more likely to arise in coming years. Any default could result in a significant write off which could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**2. *Legal and regulatory risks***

**2.1 *Any breach of, or change in, laws or regulations to which the Group or its employees, business partners and suppliers are subject could result in significant disruption, financial liabilities and reputational damage to the Group***

The Group is subject to a broad range of laws, regulations and standards in the jurisdictions in which it operates, particularly the UK and RoI, including those relating to the environment, the handling of waste materials, competition, data protection, anti-bribery and corruption, health and safety and product standards. Such laws and regulations are complex, subject to change, and have generally become more stringent over time. Although the Group takes compliance with such regulations seriously, and it is the Group's policy to require that all of its subsidiary undertakings, employees, suppliers and sub-contractors comply with applicable laws, regulations and standards, there can be no guarantee that the Group's operations will comply with them at all times. Any such failure could result in governmental fines and other sanctions, the temporary or permanent shutdown of production facilities, third party claims or reputational damage, while changes in regulation could also result in significant additional costs of compliance.

Particular risks faced by the Group include: (i) potential claims, fines or sanctions in respect of hazardous materials, or requirements for the Group to investigate or clean up contamination, as many of the Group's current and past operations are located on sites with a history of industrial operations which have stored or released waste materials; and (ii) criminal sanctions and financial penalties for breach of applicable competition, data protection or anti-bribery laws in the UK, RoI and the wider EU.

Any of these events could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**2.2 *Any failure or delay in the Group obtaining required licences, planning permissions, permits or consents from governmental authorities could impact the Group's output, result in loss of business and have a material adverse effect on the Group's operating results, prospects and/or competitiveness***

The Group's operations require licences, planning permissions, permits and consents from various authorities.

Such licences, permissions, permits and consents are required to extract the Group's mineral reserves and to construct and operate its concrete, asphalt, cement and other plants in a lawful and compliant manner. Planning applications, renewals and/or extensions can take a number of years to be determined and, consequently, planning permissions can be costly to obtain. Planning consents are typically granted for a finite period of time and subject to conditions applicable to, for example, operating hours, emissions, discharges and restoration obligations. They can be subject to appeal from both national and local lobby

groups and ultimately subject to public enquiry. There is a risk that such applications may be unsuccessful or delayed at sites where existing reserves are nearly exhausted or where any such applications are required to continue operations or trading. If this happens, it could affect the Group's operation of its plants or limit the Group's ability to extract mineral resources, resulting in a loss of productivity, earnings or competitiveness that could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

For example, if a site or plant was unable to renew, extend or obtain a necessary licence, planning permission, permit or consent, this could require that site or plant to cease to trade, or to trade on restricted terms.

Another example is the goods vehicle operator licences issued by the UK Government Driver and Vehicle Standards Agency, without which the Group cannot operate its owned fleet of vehicles. Failure or delay in obtaining or revocation of any such required licences, permits or consents could disrupt the Group's operations, as well as causing financial or reputational damage to the Group.

### **2.3      *Legal and regulatory claims and proceedings could have a material adverse effect on the Group***

While the Group is not currently engaged in any material litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation. The quarrying industry, as with all industries, is subject to legal claims, in particular in relation to environmental and health and safety liability. In addition, any failure of the Group to deliver materials of sufficient quality to meet customer and regulatory specifications could result in claims from the Group's customers. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's business, operating results, financial condition or prospects.

### **2.4      *The Group's restoration obligations could have a material adverse effect on the Group***

Certain obligations arise under UK and Irish law in respect of the restoration and decommissioning of the Group's trading assets (in particular its quarries and two cement plants) which may lead to cash outflows upon complete or partial closure. The Group makes provisions for these costs. However, there is a high degree of estimation risk as costs may increase over time due to inflation, regulatory changes or other factors outside the Group's control. Any increase in the Group's restoration obligations could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

### **2.5      *Insufficient insurance coverage could have a material adverse effect on the Group***

There can be no guarantee that the Group's insurance will cover every potential risk and there may be events that are not covered by its insurance in full or at all. In addition, market conditions or any significant claims made against the Group's insurance could cause its premiums and deductibles to increase substantially or, in some instances, result in covering being reduced or becoming unavailable entirely. If the Group's insurance coverage is insufficient, this could result in unexpected costs, criminal liabilities, breach of contract or reputational damage. This could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

## **3.      *Financial risks***

### **3.1      *The Group is exposed to fluctuations in interest rates on its borrowings***

The Group has a multicurrency £350,000,000 revolving credit facility in place. The interest rate payable on the facility is the aggregate of the margin (which fluctuates between 1.75 per cent. per annum and 2.7 per cent. per annum depending on the Group's adjusted leverage) and compounded SONIA, and is therefore subject to change. Where the cost of the Group's borrowings exceed the return on its assets, the borrowings will have a negative effect on the Group's financial performance.

### **3.2      *The Group is exposed to both transactional and translation currency risk***

The Group's operating results and cash flows are subject to fluctuations in foreign currency exchange rates, particularly changes in Euro to Pounds Sterling, given that the Group's operations are located in RoI and the UK which respectively use those currencies. The Group has, to date, generally been able to pass on any additional costs arising from changes in exchange rates to its customers. However, there is no guarantee that it will be able to do so in the future, which could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

The Group is also exposed to the translation of results of non-UK operations into its reporting currency, Pounds Sterling. For example, any depreciation in the Euro against the Pound Sterling would diminish the value of the Group's RoI business. In FY22, the impact of foreign exchange translation on the Group was not significant, but fluctuations in exchange rates may have a greater impact on the figures consolidated in the Group's accounts in the future. The Group cannot predict the effect of exchange rate fluctuations upon future operating results, and the Group may not be able to compensate for, or hedge against, adverse effects of exchange rate movements, which could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

**3.3      *The Group issues performance guarantees which, if called, could lead to significant demand on the Group's financial resources***

As is customary in the construction industry, the Group has guaranteed the performance of the obligations of its associated undertakings and joint venture partners under certain construction works contracts. These could become payable if the underlying contracts are not performed to a satisfactory standard, which could lead to a significant call upon the Group's financial resources and result in a material adverse effect on the Group's business, operating results, financial condition or prospects.

For the avoidance of doubt, the above does not impact on the statement made by the Company that it has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this Prospectus.

**4.            *Risks relating to the New Breedon Shares***

**4.1            *The share price of publicly traded companies can be highly volatile***

The trading price of the New Breedon Shares may be subject to wide fluctuations in response to a range of events and factors including variations in operating results, announcements of technological innovations or new products and services by the Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Group, the general market perception of companies in the Group's industry, news reports relating to trends in the Group's markets, legislative changes in the Group's sector and other factors outside of the Group's control. Such events and factors may adversely affect the trading price of the New Breedon Shares, regardless of the performance of the Group. Investors should be aware that the value of the New Breedon Shares could go down as well as up and investors may therefore realise less than, or lose all of, their initial investment.

**4.2            *The market price of the New Breedon Shares could be negatively affected by sales of substantial amounts of such New Breedon Shares in the public markets, or the perception that these sales could occur***

It is impossible to predict whether a substantial number of New Breedon Shares will be sold in the open market. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the New Breedon Shares. This may make it more difficult for Shareholders to sell New Breedon Shares at a time and price that they deem appropriate and could also impede the Company's ability to issue equity securities in the future.

**4.3            *There is no existing market for the New Breedon Shares and an active trading market for the New Breedon Shares may not develop or be sustained***

While the Breedon Shares have been admitted to trading on AIM since 2008, prior to Admission there has been no public trading market for the New Breedon Shares. Although the Company has applied to the FCA and the London Stock Exchange for admission of the New Breedon Shares to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market, the Company can give no assurance that an active trading market for the New Breedon Shares will develop or, if developed, could be sustained following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the New Breedon Shares could be adversely affected.

#### **4.4 *There is no guarantee that the Group will pay dividends***

The payment of any future dividends will rely on underlying growth in the Group's business. Specifically, since the Company will be a group holding company, it will be dependent on earnings and distributions from its operating subsidiaries in order to pay dividends to Shareholders. As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable profits available. Following the Scheme Effective Date and after Admission, the Company intends to undertake the Capital Reduction to, among other things, create distributable reserves. The necessary shareholder resolution for the Company to implement the Capital Reduction has been passed. However, it still requires the sanction of the UK Court and, therefore, there can be no assurance that it will be approved. As a result, the Company's ability to pay dividends to Shareholders depends on, among other things, the future profitability of the Group, the ability to distribute profits from operating subsidiaries up the Group structure to the Company, and the approval by the UK Court of the Capital Reduction. The Group's dividend policy should not be construed as a dividend forecast. If a dividend is paid in the future, any change in the tax treatment of dividends or interest received by the Company may reduce the level of yield received by Shareholders.

#### **4.5 *Future issues of New Breedon Shares may dilute the holdings of Shareholders and may depress the price of the New Breedon Shares***

As at the date of this Prospectus, other than the New Breedon Shares to be issued pursuant to the Scheme or the Group's share incentive or share option arrangements, the Company does not have current plans to offer new New Breedon Shares. However, it is possible that the Company may decide to offer additional New Breedon Shares in the future to, for example, fund acquisitions or strategic growth opportunities or in connection with share incentive or share option plans. Future offerings of new New Breedon Shares could, if Shareholders do not or are not eligible to participate in such an offer, dilute the holdings of existing Shareholders and adversely affect the prevailing market price of the New Breedon Shares. Future issues of New Breedon Shares, or the perception that such issues could occur, could adversely affect the prevailing market price of the New Breedon Shares and impair the Company's ability to raise capital through future sales of equity securities.

#### **4.6 *Shareholders may have difficulty in effecting service of process on the Group or the Directors in the U.S., in enforcing U.S. judgments in the UK or in enforcing U.S. securities laws in UK courts***

All of the Directors are residents of countries other than the United States. The Group is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for Shareholders to effect service of process within the United States upon the Directors or on the Group, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the United States may have difficulties enforcing in courts outside the United States judgments obtained in U.S. courts against the Directors or the Group (including actions under the civil liability provisions of the U.S. securities laws). Shareholders may also have difficulty enforcing liabilities under the U.S. securities laws in legal actions originally brought in jurisdictions located outside the United States.

#### **4.7 *Changes in taxation laws, rules or regulations or the interpretation of tax laws, rules or regulations could affect the Group's ability to provide returns to Shareholders***

Any change in the Company's tax status or in taxation legislation, rules or regulations (or in the interpretation of such tax laws, rules or regulations) could affect the Company's ability to provide returns to Shareholders. Statements in this Prospectus concerning the taxation of investors in New Breedon Shares are based on current tax law and published practice which is subject to change. Any such statements are intended as a general guide only, summarise only certain limited aspects of the UK tax treatment for UK tax resident Shareholders and do not constitute legal or tax advice. The taxation of an investment in the Company depends on the individual circumstances of investors, and investors should consult their own appropriate professional adviser.

#### **4.8 *An investment in New Breedon Shares by an investor whose principal currency is not Pounds Sterling may be affected by exchange rate fluctuations***

The New Breedon Shares are priced in Pounds Sterling, and will be quoted and traded in Pounds Sterling. In addition, any dividends the Company may pay will be declared and paid in Pounds Sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against Pounds Sterling, which may reduce the value of the New Breedon Shares, as well as that of any dividend paid.

4.9 ***Shareholders in the United States and other jurisdictions outside the United Kingdom may not be able to participate in future equity offerings***

The Companies Act provides for pre-emptive rights to be granted to Shareholders on future equity offerings, unless such rights are disapplied by a resolution of a company's shareholders or an exemption under the Companies Act can be relied upon. However, securities laws of certain jurisdictions outside the UK, including the United States, may restrict the Company's ability to allow participation by shareholders located in such jurisdictions in future equity offerings. In particular, Shareholders in the United States may not be entitled to exercise their pre-emption rights unless such an offering is registered under the U.S. Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The holdings of Shareholders located outside the UK who are not able to participate in any future equity offerings could be diluted by any such offerings.

## PART II. PRESENTATION OF INFORMATION

### 1. GENERAL

Unless the context otherwise requires, references to the "Company" in this Prospectus are to New Breedon, while references to the "Group" are prior to the Scheme becoming effective, to Breedon and its subsidiaries and subsidiary undertakings and, following the Scheme becoming effective, to the Company and its subsidiaries and subsidiary undertakings.

Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or to make any representations concerning the Company or the Group other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or any other person. No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company or the Directors as to the accuracy, completeness, verification or sufficiency of the information contained herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Company's advisers or any of their respective affiliates as to the past, present or future.

To the extent relevant, the Company will comply with its obligation to publish supplementary prospectuses pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules containing further updated information required by law or by any regulatory authority but, except as required by any other applicable law, assumes no further obligation to publish additional information. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor Admission nor any subsequent subscription or sale of any New Breedon Shares shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus, or that the information contained in this Prospectus is correct as at any time subsequent to its date.

A copy of this Prospectus has been filed with, and approved by, the FCA and has been made available to the public in accordance with the UK Prospectus Regulation.

The contents of this Prospectus are not to be construed as legal, tax, business or financial advice. Shareholders must rely upon their own advisers for legal, tax, business or financial advice or any other related matters concerning the Company or the Group and any investment therein.

### 2. PRESENTATION OF FINANCIAL INFORMATION AND NON-FINANCIAL OPERATING DATA

Recipients of this Prospectus should consult their own professional advisers to gain an understanding of the financial information contained, and incorporated by reference, in this Prospectus. An overview of the basis for presentation of financial information in this Prospectus is set out below.

#### Historical Financial Information

New Breedon was incorporated on 17 March 2023 and has no historical operations. It has one wholly-owned subsidiary, Breedon Midco Limited ("**Midco**"), incorporated on 3 April 2023, which also has no historical operations. Unless otherwise indicated, the financial information presented in this Prospectus has been extracted or derived from the audited consolidated historical financial information of Breedon which, on Admission, will be a wholly-owned subsidiary of New Breedon.

The audited consolidated financial statements of the Group included in: (i) the 2022 Annual Report, as of and for the year ended 31 December 2022; (ii) the 2021 Annual Report, as of and for the year ended 31 December 2021; and (iii) the 2020 Annual Report, as of and for the year ended 31 December 2020, together with the audit opinions thereon, are incorporated by reference into this Prospectus, as further detailed in Part XIII (*Documents Incorporated by Reference*) of this Prospectus. These financial statements have been prepared in accordance with IFRS.

#### Key Performance Indicators

In this Prospectus (including information incorporated by reference in this Prospectus), the Group presents certain alternative performance measures or key performance indicators (together "**KPIs**") that are not defined or recognised under IFRS. The Group uses KPIs to allow shareholders to better understand the Group's underlying financial performance and position. The Company believes that these KPIs provide an enhanced understanding of the Group's results and allow for comparisons of the financial performance of

the Group's business either from one period to another or with other similar businesses. A reconciliation of the Group's KPIs is set out in Note 27 of the Company's 2022 Annual Report, which is incorporated into this Prospectus by reference, as further detailed in Part XIII (*Documents Incorporated by Reference*) of this Prospectus.

### **Market, economic and industry data**

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Prospectus constitute Directors' estimates using underlying data from third parties or, in some cases, from internal reports. The Company confirms that all information set out in this Prospectus which has been sourced from third parties has been accurately reproduced and that, so far as it is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company makes no representation or warranty as to the accuracy or completeness of such information as set out in this Prospectus. Such information has not been audited or independently verified.

### **3. INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which the Group operates.

In particular, the statements under the following headings, Part I (*Risk Factors*) and Part V (*Information on the Group*) of this Prospectus regarding the Group's strategy and other future events or prospects are forward-looking statements. These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts are not guarantees of future performance and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company and the Directors, are inherently subject to significant business, economic and competitive uncertainties and contingencies. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Part I (*Risk Factors*) of this Prospectus, which should be read in conjunction with the other cautionary statements that are included in this Prospectus.

The forward-looking statements contained in this Prospectus are made only as of the date of this Prospectus. The Company and the Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law (including but not limited to the FSMA and the UK Market Abuse Regulation, the Prospectus Regulation Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules).

All subsequent written and oral forward-looking statements attributable to the Group are expressly qualified in their entirety by reference to these cautionary statements. The contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

No statement in this Prospectus is intended as a profit forecast or estimate for any period and no statement in this Prospectus should be interpreted to mean that earnings for the Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings for the Group.

### **4. INCORPORATION OF WEBSITE INFORMATION**

The contents of the Group's website, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified and no information contained in any website

forms part of this Prospectus unless it is expressly incorporated by reference.

## **5. ROUNDING**

Certain data contained in this Prospectus, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this Prospectus, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this Prospectus may have been rounded and accordingly may not add up to 100 per cent.

## **6. CURRENCIES**

All references in this Prospectus to "Pounds Sterling", "£" or "pence" are to the lawful currency of the UK and references to "Euro" or "EUR" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time. All references to "U.S. dollars" or "U.S.\$" are to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in Pounds Sterling.

## **7. CONSTITUTION**

All shareholders are entitled to the benefit of, and from the date of their adoption will be bound by, and are deemed to have notice of, the provisions of the New Breedon Articles.

## **8. INTERPRETATION**

Certain terms used in this Prospectus, including capitalised terms and certain technical and other items, are defined in Part XIV (*Definitions and Glossary*) of this Prospectus.

References to the singular in this Prospectus shall include the plural and vice versa where the context requires. Any references to time in this Prospectus are to London times unless otherwise stated.

## **9. SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

All of the Directors are residents of countries other than the United States. The Company is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for shareholders to effect service of process within the United States upon the Directors or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the U.S. may have difficulties enforcing in courts outside the United States judgments obtained in U.S. courts against some of the Directors or the Company (including actions under the civil liability provisions of the U.S. securities laws). In addition, an award or awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Shareholders may also have difficulty enforcing liabilities under the U.S. securities laws in legal actions originally brought in jurisdictions located outside the United States.

### **PART III. DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS**

|                                              |                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DIRECTORS:</b>                            | Amit Bhatia - Non-Executive Chair<br>Rob Wood - Chief Executive Officer<br>James Brotherton - Chief Financial Officer<br>Clive Watson - Senior Independent Non-Executive Director<br>Carol Hui - Independent Non-Executive Director<br>Pauline Lafferty - Independent Non-Executive Director<br>Helen Miles - Independent Non-Executive Director |
| <b>COMPANY SECRETARY:</b>                    | James Atherton-Ham                                                                                                                                                                                                                                                                                                                               |
| <b>REGISTERED AND HEAD OFFICE:</b>           | Pinnacle House<br>Breedon on the Hill<br>Derby<br>DE73 8AP                                                                                                                                                                                                                                                                                       |
| <b>ADVISERS:</b>                             |                                                                                                                                                                                                                                                                                                                                                  |
| <b>Sponsor</b>                               | Numis Securities Limited<br>45 Gresham Street<br>London<br>EC2V 7BF                                                                                                                                                                                                                                                                              |
| <b>English legal advisers to the Company</b> | Travers Smith LLP<br>10 Snow Hill<br>London<br>EC1A 2AL                                                                                                                                                                                                                                                                                          |
| <b>Jersey legal advisers to the Company</b>  | Carey Olsen Jersey LLP<br>47 Esplanade<br>St Helier<br>Jersey<br>JE1 0BD                                                                                                                                                                                                                                                                         |
| <b>English legal advisers to the Sponsor</b> | Simmons & Simmons LLP<br>Citypoint<br>1 Ropemaker Street<br>London<br>EC2Y 9SS                                                                                                                                                                                                                                                                   |
| <b>Auditors and Reporting Accountants</b>    | KPMG LLP<br>One Snowhill<br>Snowhill Queensway<br>Birmingham<br>B4 6GH                                                                                                                                                                                                                                                                           |
| <b>Registrars</b>                            | Link Market Services Limited<br>10th Floor<br>Central Square<br>29 Wellington Street<br>Leeds<br>LS1 4DL                                                                                                                                                                                                                                         |

## PART IV. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|                                                                                                                                                               |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Publication of this Prospectus                                                                                                                                | 11 May 2023                 |
| Jersey Court Hearing to sanction the Scheme                                                                                                                   | 9.00 a.m. on 16 May 2023    |
| Scheme Record Time                                                                                                                                            | 6.00 p.m. on 16 May 2023    |
| Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Breedon Shares on AIM                                             | 16 May 2023                 |
| Scheme Effective Date                                                                                                                                         | 16 May 2023                 |
| Cancellation of admission to trading of Breedon Shares on AIM                                                                                                 | by 8:00 a.m. on 17 May 2023 |
| Admission of New Breedon Shares to listing on the premium listing segment of the Official List and to trading on the Main Market and commencement of dealings | 8.00 a.m. on 17 May 2023    |
| Crediting of New Breedon Shares to CREST accounts                                                                                                             | 8.00 a.m. on 17 May 2023    |
| Share certificates for New Breedon Shares expected to be despatched within 10 Business Days of Admission                                                      | by 1 June 2023              |
| Long Stop Date                                                                                                                                                | 30 June 2023 <sup>4</sup>   |

Each of the above times and dates are indicative only. If the scheduled date of the Jersey Court Hearing to sanction the Scheme is changed, Breedon will give notice of the change by issuing an announcement through a Regulatory Information Service. All Breedon shareholders have the right to attend the Jersey Court Hearing to sanction or oppose the sanctioning of the Scheme. Otherwise, the above times and dates are subject to change without further notice.

References to a time of day are to London time unless otherwise stated.

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<sup>4</sup> or such later date as Breedon and New Breedon may agree and as the Jersey Court may allow

## PART V. INFORMATION ON THE GROUP

*The business description set out below relates to Breedon and the Group as at the date of this Prospectus. If the Scheme becomes effective, New Breedon will become the parent company of the Group on the Scheme Effective Date and the business description will relate to New Breedon and the Group.*

### 1. OVERVIEW OF THE GROUP

The Group is a leading vertically-integrated construction materials group operating in Great Britain and Ireland, which supplies the construction industry with the essential materials needed to build the places where we live, work and play.

The Group uses its core assets to produce value-added downstream products; using aggregates and cement to deliver asphalt, ready-mixed concrete and surfacing solutions to a diversified mix of private and public sector customers operating in infrastructure, industrial and commercial, and housebuilding construction supply chains.

The Group operates an asset backed model with national reach and a diverse portfolio of assets operated by a team of approximately 3,700 colleagues. As at the date of this Prospectus, the Group has one billion tonnes of reserves and resources, representing more than 30 years of production life at current rates, in addition to a significant mineral reserves and resources pipeline. The Group operates over 300 sites across the UK and RoI, including two cement plants, more than 100 aggregate quarries, more than 170 ready-mixed concrete plants and more than 50 asphalt plants. The Group also supplies surfacing solutions to its customers.

A summary of the Group's geographic footprint can be seen below:



The Group reports as three segments: Great Britain, Ireland and Cement. The Group's operations in Great Britain and Ireland are fully-integrated aggregates and downstream products businesses, whilst the cement business is a major producer of bulk and bagged cement in Great Britain and Ireland.

Further detail on the Group's core activities in each segment is outlined in paragraph 4 below. For the financial year ended 31 December 2022, each segment recorded revenue and Underlying EBIT as follows:

- Great Britain: £972.4 million revenue and £86.4 million Underlying EBIT;
- Ireland: £226.2 million revenue and £28.3 million Underlying EBIT; and
- Cement: £300.7 million revenue and £52.1 million Underlying EBIT.

The Group's purpose is to make a material difference to the lives of its colleagues, customers and communities. This is underpinned by four values: "keep it simple", "strive to improve", "make it happen" and "show we care", being clear behaviours to ensure long term success. The Group operates a decentralised model, meaning that commercial decisions can be tailored to the local situation on the ground which enables the Group to deliver better customer service.

Since the Group's inception, it has built a resilient platform which it has continued to develop through the

execution of its strategy to embed a culture of sustainability, optimise its assets, expand its footprint and capability while maintaining a disciplined financial framework.

## 2. HISTORY AND EVOLUTION

Breedon was admitted to AIM in 2008 as a special purpose vehicle with the stated strategy to acquire controlling stakes in one or more quoted or unquoted profitable businesses or companies in the UK and international buildings materials industry and to use these as a platform for further acquisitions. In 2010, the Group acquired Breedon Holdings Limited pursuant to a reverse takeover under the AIM Rules, which held certain assets and trading subsidiaries of Ennstone plc and whose operations comprised aggregates, asphalt, ready-mixed concrete and contracting. During 2012 and 2013 Breedon raised more than £75 million by way of equity fundraises to fund further acquisitions.

Further milestones in the evolution of the Group are as follows:

- 2016 - Breedon acquired Hope Construction Materials Limited (a UK construction materials supplier with a national footprint including the Hope cement site in Derbyshire) and Sherburn Minerals Group (a heavyside building materials business headquartered in County Durham).
- 2017 - Breedon acquired Pro Mini Mix Concrete, Mortars and Screeds Limited (a mini mix concrete operator in the Midlands) and Humberside Aggregates Limited (a sand and gravel quarry and aggregates merchanting business based in East Yorkshire).
- 2018 - Breedon acquired Staffs Concrete Limited (a mini mix concrete operator in Stoke-on-Trent), expanded to the Irish market through its acquisition of Lagan Group (Holdings) Limited and Blinkbonny Quarry (Borders) Limited, and completed the acquisition of four quarries and an asphalt plant in an asset swap with Tarmac Holdings Limited.
- 2020 - Breedon acquired certain UK assets from CEMEX UK Operations Limited, comprising approximately 86 active operations to expand its portfolio of ready-mixed concrete plants and concrete products operations.

Prior to Admission, the Breedon Board decided to redomicile the Group's ultimate holding company from Jersey to the UK in order to align with the Group's tax status, the location of the majority of its operations and the centre of its management and control. This will be effected by way of the Scheme, as set out in further detail in Part VII (*The Scheme of Arrangement and Related Proposals*) of this Prospectus.

## 3. STRATEGY

The pillars of the Group's strategy are: Sustain, Optimise and Expand. These pillars are underpinned by the Group's financial framework, under which cash generated is responsibly combined with external sources of finance to prioritise a strong balance sheet and strategic flexibility.

### 3.1 Sustain

Operating a sustainable business is one of the Group's highest priorities. Strategic decisions are made with this in mind. The Group has a history of taking positive action to embed a culture of sustainability.

#### *Sustainability governance*

The Board retains overall responsibility for sustainability. It is supported by the Sustainability Committee which was established in 2022 to review the strategies, policies and performance of the Group in relation to sustainability, so as to drive improvement in this area. The Sustainability Committee is comprised of all of the members of the Board and chaired by Carol Hui.

The Executive Committee is responsible for the design, implementation and execution of the sustainability strategies and policies of the Group. The Group's Head of Sustainability leads the Group's sustainability team. She reports directly to the CEO and has day-to-day management responsibility for sustainability issues.

#### *Strategic Priorities*

The Group views sustainability under three pillars: Planet, People and Places, and has introduced cross-business working groups to bring together best practice and drive improvement throughout the Group in respect of each pillar.

Measurable performance indicators have been introduced to track sustainability performance, with the key targets to 2030 for each area as follows:

- **Planet:** achieve 30 per cent. reduction in gross carbon intensity from cementitious product (against 2005 baseline).
- **People:** positively impact 100,000 people.
- **Places:** achieve 50 per cent. of concrete and asphalt sales revenue from products with enhanced sustainability attributes.

Each of the Group's pillars is underpinned by a series of principles which seek to ensure good governance. The principles comprise Health, Safety and Wellbeing; Good Governance; Quality, Ethics and Integrity; and Stakeholder Engagement.

### 3.1.1 Planet

Through the Planet pillar, the Group focusses on carbon reduction, responsible resource use and waste reduction and having a positive impact on nature and biodiversity.

The Group is seeking to achieve net zero by 2050 by eliminating almost all Scope 1 and Scope 2 emissions and significantly reducing Scope 3 emissions, with any emissions permanently offset through fully validated and approved schemes. Scope 1 and 2 emissions are most material in the context of the Group's business.

During FY22, the Group continued to make progress on its operational energy and carbon improvement opportunities, reducing the Group's location based Scope 1 and Scope 2 emissions by approximately 5 per cent. The Group's FY22 emissions were as follows:

| <b>Located based tCO<sub>2</sub>e (thousands)</b> | <b>Great Britain</b> | <b>Ireland</b> | <b>Cement</b> | <b>Total</b> |
|---------------------------------------------------|----------------------|----------------|---------------|--------------|
| Scope 1                                           | 155                  | 43             | 1,548         | <b>1,746</b> |
| Scope 2                                           | 18                   | 4              | 52            | <b>74</b>    |
| <b>Total FY22 Scope 1 and Scope 2</b>             | <b>173</b>           | <b>47</b>      | <b>1,601</b>  | <b>1,820</b> |
| <b>Total FY21 Scope 1 and Scope 2</b>             | <b>191</b>           | <b>45</b>      | <b>1,679</b>  | <b>1,915</b> |
| <b>Emissions (Reduction)/increase vs FY21</b>     | <b>(18)</b>          | <b>2</b>       | <b>(78)</b>   | <b>(95)</b>  |

The Group is conscious of the need to ensure trust in carbon reporting is maintained, and engaged Bureau Veritas UK to provide an independent opinion in respect of FY22 reported carbon data.

The Group is in the process of developing targets to align to the Science Based Targets initiative (a partnership of global organisations which defines and promotes best practice in emissions reductions and net-zero targets in line with climate science). Senior management remuneration is structured to incentivise delivery on meeting carbon reduction targets. The Group continues to make good progress towards its remuneration-linked 2030 sustainability targets.

The Group reports in line with Taskforce Climate-Related Financial Disclosures reporting standards as part of its sustainability strategy to improve its disclosure and transparency, and it reports on Scope 1 and 2 emissions in line with UK Streamlined Energy and Carbon Reporting standard.

The Group's cement plants have increased their use of alternative fuels over time, achieving nearly 50 per cent. during FY22. At the Group's Hope cement plant, the Group has engaged in the pioneering HyNet carbon capture and storage infrastructure project as a member of the Peak Cluster (the Peak District inland cluster comprising five high emitting sites) and has received planning consent to progress with a major alternative raw material project. The Group's electricity requirements in FY22 were almost entirely sourced from renewable contracts, and the Group has carried out renewable energy feasibility assessment studies at several sites to identify on-site opportunities, with planning permission secured for a 14-17MW field solar array at the Kinnegad cement plant.

The Group is aware of the UK Government's focus on biodiversity, including the requirement for 10 per cent. biodiversity net gain for new developments which is expected to come into force in late 2023 and, as at 31 December 2022, had *Biodiversity Action Plans* in place at a number of sites. The Group planted 31,000 trees during FY22.

### 3.1.2 *People*

Through the People pillar, the Group seeks to develop and empower a diverse, talented workforce, and to have a positive impact for the communities in which it works, with the target to positively impact 100,000 people by 2030 broadly aligned to the National Themes, Outcomes and Measures framework.

In FY22, the Group had approximately 3,700 employees with high and increasing levels of engagement at 77 per cent. compared to 69 per cent. in FY21. The Group is in the process of implementing its five-year People Plan which was approved by the Board during 2021 and aims to embed the Group's values, attract a talented and diverse workforce, provide opportunities for everyone and ensure the Group has a positive work environment.

In recognition of the work it has done to build and develop its workforce, the Group has been awarded silver membership of The 5% Club, a movement of employers working to create a shared prosperity across the UK by campaigning for greater skills training, through 'earn and learn' job opportunities.

For the wider community, the Group has active liaison programmes with the communities in which it operates, and as at 31 December 2022, the Group had 55 Good Neighbour Plans ("GNPs") in place, 41 in GB and 14 in Ireland, and the Group has plans to develop additional GNPs in FY23.

### 3.1.3 *Places*

Through the Places pillar, the Group focusses on sustainable products and services, research, development and innovation and collaboration and influence.

The Group has recently launched Breedon Balance, a range of products that have enhanced sustainability attributes. To be included in the Breedon Balance portfolio, products must meet or exceed the criteria set by the Group in the following areas:

- Lower carbon footprint than a generic market equivalent
- Incorporates recycled content in the product
- Less resource intensive or longer lasting
- Positive impact on nature and biodiversity
- Positive impact on water usage
- Is ethically sourced

During FY22, the Group approved a multi-million pound investment to install silos across its ready-mixed concrete portfolio to enable it to provide lower carbon CEM II ready-mixed concrete and to upgrade asphalt plants to provide more sustainable recycled and warm-mix product solutions.

The Group continues to conduct research and development of sustainable products, and as members of both the Mineral Products Association and the Global Cement and Concrete Association, the Group is well positioned to collaborate with peers to develop sustainable solutions.

## 3.2 *Optimise*

The Group seeks to optimise the business to deliver continuous improvement to drive efficiencies of scale and increase utilisation of its assets, with a local operating model which means that its decentralised teams can stay close to the Group's customers, capitalising on their embedded position within local markets to inform timely commercial decisions.

The Group is a trusted steward of important reserves and resources, continually improving the efficiency of its operations. The Group carefully manages the valuable resources it owns and the Group's processes are continually refined to maximise the value of every tonne of material it quarries and manufactures. The Group's land management process has a long-term pipeline coupled with quarry acquisition and development.

The Group operates a dynamic pricing strategy, ensuring that it understands the detail of its cost base and is able to adapt pricing to customers accordingly. This is supported by its hedging strategy, which aims to substantially hedge all energy and carbon requirements for at least one year in advance, with further layered purchases extending into future years, to deliver near-term cost certainty. A proportion of bitumen requirements are hedged in the short term, typically for larger contracts where pricing is agreed in advance. Remaining bitumen purchases are at spot price. The market for asphalt, in which bitumen is the primary purchased raw material, has historically responded quickly to bitumen price changes. Other fuels are purchased at spot price and costs passed on to customers.

The Group fully integrates acquired assets and applies best practice to extract maximum synergies and ensures its operations remain competitive.

Continuous improvement is embedded in the Group's culture and it increasingly seeks innovations and technological advancements to deliver progress. For example, the Group has implemented electronic proof of delivery across the Group, meaning that customers electronically sign for deliveries and a ticket receipt is emailed back to the customer. This has improved customer service by accelerating cash receipts and using less paper. The Group's practices, processes and systems are geared towards generating value as efficiently as possible, reflected in a new operating model in Great Britain to optimise quarrying efficiency and proliferate best practice.

### 3.3 **Expand**

The Group has a variety of routes to grow the business, both organic and inorganic.

#### 3.3.1 *Organic growth opportunities*

Organic growth opportunities for the Group arise through opening new operating locations, growing its existing markets through product innovation, and additional vertical integration and routes to market for its core products.

The Group's land and minerals teams work to secure additional mineral reserves and resources to both replenish minerals utilised and to grow the business, maintaining a strong pipeline of reserves and resources. As at 31 December 2022, the Group had approximately one billion tonnes of reserves and resources across its approximately 100 quarries.

The Group's capital investment programme seeks to improve the Group's business through investing in additional capacity, including mineral reserves and resources. For example, it has recently reopened the dormant Cahersiveen quarry in Kerry, Ireland and continues to innovate with its products: in 2022 it launched Breedon Balance, a new product range designed to meet stringent sustainability criteria to respond to customers' evolving demand.

Over recent years, the Group has invested in its surfacing business in Great Britain in order to expand its vertically-integrated routes to market. This investment has led to the Group, working in partnership with Colas Ltd, being awarded a place on the National Highways Pavement Delivery Framework in England, while the Group's associated company BEAR Scotland Limited successfully retained the Transport Scotland North West Network Management contract during 2022. In addition, the Group remained the dedicated materials supplier to BEAR Scotland and Amey on the North West and North East contracts in Scotland.

#### 3.3.2 *Inorganic growth opportunities*

Inorganic growth opportunities for the Group arise through either bolt-on acquisitions expanding into under-represented regions, as well as potentially larger strategic deals such as a third platform replicating the Group's model internationally, possibly including in the U.S.

The Group has a strategic approach to expansion through mergers and acquisitions with a strong track record of accretive mergers and acquisitions in recent years, supported by specialist advisors and rigorous due diligence processes. The Group has completed over twenty earnings-enhancing acquisitions and joint ventures since 2020, including the three major acquisitions of Hope, Lagan and a portfolio of high quality assets from CEMEX UK Operations Limited, which have generated synergies and expanded the Group's geographic footprint and product offerings in GB and Ireland.

All major acquisitions are approved by the Board and all acquisitions are subject to detailed integration plans which are executed by project teams, with progress monitored by the Board. The Board holds strategy meetings with external advisers to review wider acquisition opportunities and the Group's businesses are all tasked with bringing forward potential bolt-on acquisition targets for review at Group level.

The Group intends to continue to grow and develop organically and through strategic mergers and acquisitions in the future and remains well-positioned to secure acquisition opportunities with a considered pipeline of potential targets, whilst maintaining conservative leverage through prudent financial policy. At the Latest Practicable Date, the Group's pipeline included a number of potential acquisitions and bolt-ons under active consideration, each of which remains the subject of ongoing diligence and negotiations. There is no guarantee that any of these potential acquisitions will reach agreement on acceptable terms or ultimately lead to a binding transaction.

Longer term, the Group is exploring the possibility of selectively establishing a platform in the U.S., a large and fragmented market that offers attractive growth prospects in line with the Group's rigorous investment criteria. In the Board's view, the cultural and regulatory profile matches the Group's home markets, playing to the Group's experience and strong track record of acquisition integration. The Group also continues to believe that there are attractive opportunities in its existing operating geographies.

### 3.4 **Financial framework**

The Group's financial framework governs how it connects its strategy to investment and capital allocation with the multiple options available to it. The framework prioritises sustainable growth and responsible leverage, focusing on return on capital invested and profitability, while ensuring a strong balance sheet that gives it flexibility.

#### 3.4.1 **Financial Targets**

The financial metrics aligned to the Group's strategy, and the medium term targets associated with them, are as follows:

| <b>Strategic objective</b> | <b>Growth</b>                  | <b>Profitability</b> | <b>Cash Flow</b>            | <b>Financial Discipline</b>    | <b>Returns</b>    | <b>Dividends</b> |
|----------------------------|--------------------------------|----------------------|-----------------------------|--------------------------------|-------------------|------------------|
| <b>Metric</b>              | Revenue                        | EBIT Margin          | FCF <sup>1</sup> Generation | Covenant Leverage <sup>2</sup> | ROIC <sup>3</sup> | Payout ratio     |
| <b>Target</b>              | Outperform the Group's markets | 12% - 15%            | >50% FCF Conversion         | 1x – 2x                        | >10%              | 40%              |

Notes:

1. FCF conversion is free cash flow relative to Underlying EBITDA.

2. Leverage is covenant leverage as defined by the Group's banking facilities. This excludes the impact of IFRS 16 and includes the impact of M&A.

3. ROIC is post-tax return on invested capital.

#### 3.4.2 **Capital Allocation**

Conservative and disciplined financial management and the maintenance of a strong balance sheet are at the core of the Group's thoughtful approach to capital allocation. The Board seeks to deploy capital responsibly, focusing on organic investment in the Group's business to ensure that its asset base is well invested. The Group will continue to pursue selective acquisitions which will accelerate strategic development and that the Group is confident will create long-term value.

This conservative approach to financial management enables the Group to pursue capital growth for its shareholders through active development of the business, while supporting a progressive dividend policy.

#### 3.4.3 **Finance Facilities**

The Group's borrowing facilities comprise a £350 million multi-currency revolving credit facility (the "**RCF**") and loan notes issued pursuant to a Note Purchase and Guarantee Agreement (the "**NPGA**").

The RCF is available to the Group until June 2025 with an option to extend for up to a further year. Interest on the RCF is calculated as a margin referenced to the Group's Covenant Leverage plus SONIA or EURIBOR according to the currency of borrowing.

The loan notes issued pursuant to the NPGA provide long-term financing at low fixed interest rates with an average fixed coupon of approximately 2 per cent. The loan notes comprise £170 million drawn in Pounds Sterling and £94 million drawn in Euro, with a maturity profile between 2028 and 2031.

The Group's borrowing facilities are subject to leverage and interest cover covenants which are tested half-yearly. The Group remains fully compliant with its covenants, and its robust cash flow generation has enabled it to reduce covenant leverage while continuing to invest for growth during the financial year ended 31 December 2022 where the Group completed three strategically significant bolt-on acquisitions and reduced its covenant leverage to 0.7x (from 0.8x in the previous financial year in 2021).

Further details of the RCF and the NPGA are set out in paragraphs 17.1.2 and 17.1.3 of Part XII (*Additional Information*).

## 4. PRINCIPAL OPERATIONS

The Group reports as three segments: Great Britain, Ireland and Cement.

### 4.1 Great Britain

#### 4.1.1 Overview

In Great Britain, the Group operates a nationwide network of quarries and downstream operations, extending from Stornoway in the Hebrides to Hampshire in the south of England. The division comprises fully-integrated aggregates and downstream products business throughout Great Britain. Products supplied include aggregates, asphalt and ready-mixed concrete, together with a range of specialist building products and a surfacing business.

Key assets of the division include:

- substantial permitted aggregates reserves and resources;
- an extensive network of quarries, rail-linked aggregates depots, asphalt plants, ready-mixed concrete plants and concrete products manufacturing facilities throughout Great Britain;
- a nationwide fleet of delivery vehicles for all products; and
- sizeable surfacing operations for both minor and major infrastructure projects.

The Group's strategic advantages in Great Britain are underpinned by:

- a strong aggregates reserve base;
- fully vertical-integrated operations, yielding economies of scale;
- highly localised services with a diverse range of customers; and
- being well positioned to secure acquisitions in a fragmented market.

#### 4.1.2 Financial highlights

|                        | FY22  | FY21<br>(audited)<br>(£m) | FY20<br>(restated) <sup>1</sup> |
|------------------------|-------|---------------------------|---------------------------------|
| Revenue                | 972.4 | 845.2                     | 602.8                           |
| Underlying EBIT        | 86.4  | 74.3                      | 33.5                            |
| Underlying EBIT Margin | 8.9%  | 8.8%                      | 5.6%                            |

Note:

1. Restated for changes to composition of operating segments.

#### 4.1.3 Core product volumes

|                                           | FY22 | FY21 | FY20 |
|-------------------------------------------|------|------|------|
| <b>Aggregates</b> (million tonnes)        | 23.2 | 25.7 | 19.0 |
| <b>Asphalt</b> (million tonnes)           | 2.8  | 3.0  | 2.3  |
| <b>Concrete</b> (million m <sup>3</sup> ) | 2.9  | 3.0  | 2.5  |

Note: product volumes are based on non-rounded data.

### 4.2 Ireland

#### 4.2.1 Overview

In Ireland, the Group operates a network of quarries and downstream operations alongside a significant contracting services business. The Group undertakes surfacing as well as infrastructure and highway maintenance contracts throughout Ireland.

Key assets of the division include:

- a highly regarded surfacing and highway maintenance business;
- a network of quarries, asphalt plants, ready-mixed concrete plants and concrete and clay products manufacturing facilities throughout Northern Ireland and RoI;
- a bitumen importation and distribution business, including production of bitumen emulsions and polymer modified bitumen and binders; and
- a port terminal for export of specialist aggregates to Great Britain.

The Group's strategic advantages in Ireland are underpinned by:

- an established market position with strong growth prospects;
- an excellent surfacing track record, including specialist expertise in airport runway surfacing; and
- a platform for further organic growth and bolt-on acquisition opportunities in fragmented markets.

#### 4.2.2 Financial highlights

|                        | <b>FY22</b> | <b>FY21</b><br><i>(audited)</i> | <b>FY20</b> |
|------------------------|-------------|---------------------------------|-------------|
|                        |             | <i>(£m)</i>                     |             |
| Revenue                | 226.2       | 225.4                           | 189.3       |
| Underlying EBIT        | 28.3        | 28.2                            | 20.5        |
| Underlying EBIT Margin | 12.5%       | 12.5%                           | 10.8%       |

#### 4.2.3 Core product volumes

|                                                  | <b>FY22</b> | <b>FY21</b> | <b>FY20</b> |
|--------------------------------------------------|-------------|-------------|-------------|
| <b>Aggregates</b> ( <i>million tonnes</i> )      | 3.2         | 3.5         | 2.7         |
| <b>Asphalt</b> ( <i>million tonnes</i> )         | 1.0         | 1.1         | 1.0         |
| <b>Concrete</b> ( <i>million m<sup>3</sup></i> ) | 0.2         | 0.2         | 0.1         |

Note: product volumes are based on non-rounded data.

### 4.3 Cement

#### 4.3.1 Overview

The Group's Cement division operates two well-invested cement plants in GB and Ireland, located in Hope, Derbyshire and in Kinnegad, near Dublin, which together are capable of producing more than two million tonnes of cement each year. The Hope cement plant is the UK's largest, and has been in operation from more than 80 years. The Kinnegad plant commenced production in 2002 and is one of the most modern in Europe.

As well as the cement plants, the division operates four import/export terminals in Scotland, Northern Ireland and northern England. There are also four strategically located rail-linked cement depots in England which have more than a million tonnes of throughput capacity. In addition to bulk cement, the Group supplies a full range of bagged cement products throughout Great Britain and Ireland.

Key assets of the division include:

- two well-invested cement plants, including the UK's largest plant by capacity, together capable of producing more than two million tonnes of cement each year;
- import and export capability through three terminals in GB and another in Ireland;
- rail-linked distribution network in GB, servicing four regional cement depots with more than a million tonnes of throughput capacity; and
- a major cement bagging plant at Dagenham just outside London.

The Group's strategic advantages in Cement are underpinned by:

- flexibility of supply due to production capability in GB and Ireland, coupled with cementitious import

capacity;

- bulk supply complemented by higher-margin bagged products distributed to builders merchants market in GB and Ireland; and
- reduced distribution costs due to rail links from Hope to regional depots.

#### 4.3.2 Financial highlights

|                        | FY22  | FY21<br>(audited)<br>(£m) | FY20  |
|------------------------|-------|---------------------------|-------|
| Revenue                | 300.7 | 245.6                     | 197.2 |
| Underlying EBIT        | 52.1  | 41.6                      | 31.7  |
| Underlying EBIT Margin | 17.3% | 16.9%                     | 16.1% |

#### 4.3.3 Core product volumes

|                                  | FY22 | FY21 | FY20 |
|----------------------------------|------|------|------|
| Cement ( <i>million tonnes</i> ) | 2.2  | 2.4  | 2.0  |

Note: product volumes are based on non-rounded data.

### 5. THE GROUP'S MARKETS

#### 5.1 Products

The Group's product offering consists of a number of products in the heavyside building materials production chain:

- **Aggregates:** Aggregates are either crushed rock or sand and gravel, depending on the geography. Aggregates are used in the manufacture of other vital construction products such as ready-mixed concrete and concrete products, asphalt, lime and mortar.
- **Asphalt:** Asphalt is produced by heating bitumen and mixing with aggregates. Strength is provided from the aggregates, with the binding agent being the bitumen. Composition is varied to suit end use, with production involving blending dried aggregates with a bitumen binder at suitable temperatures to ensure coating. Mostly utilised in road construction and maintenance, but also used for products where water retention or exclusion is important (e.g. roofing products). The vast majority of roads in GB and Ireland use asphalt.
- **Ready-mixed concrete:** Ready-mixed concrete ("RMX") is made by mixing aggregates with cement. This is a time-limited product; as such RMX is a service industry based on offsite production plus delivery for immediate use. RMX is used across all areas of construction as a structural product. It is a versatile material, which can be specified and optimised for intended usages and to minimize environmental impact.
- **Cement:** Cement is used to bind aggregates together when producing concrete. The manufacture of cement is a capital-intensive process, which involves crushing and heating limestone at around 1,500 degrees celsius in a rotary kiln. This creates granules called clinker, which are ground and mixed with gypsum and other additives.

Heavyside building materials tend to have a low sales to weight ratio; it is therefore not commercially viable to transport products over long distances. Cement, by contrast, can be transported further, and is viably imported into the UK. This is due to its higher value and lighter nature.

#### 5.2 UK

The construction industry is an important economic contributor; creating, maintaining and improving the built environment in which society lives and works. A 2022 Confederation of British Industry report identified that every £1 spent on UK construction contributed £2.92 of value to the UK economy, employing 2.3 million people directly and generating 6 per cent. of UK gross value added<sup>5</sup>.

<sup>5</sup> While the GDP measures the total value of products and services that the country manufactures or delivers, gross value added measures the value added to the product in order to enhance its worth.

UK Government capital expenditure of £93 billion in fiscal year 2022 was a substantial increase on the 2020 outturn of £70 billion, and is forecasted to rise to £113 billion in fiscal year 2023. There is a shortage of housing in the UK with an estimated deficit of up to one million homes due to housing starts falling short of household formation over the past three years. It is estimated by research published by the National Housing Federation and Crisis that up to 340,000 new homes will be required each year until 2031 to meet demand in England alone. While planning reforms have been proposed, the system remains congested and therefore the long term shortfall in UK housing is likely to persist.

In 2020, the UK Government published a National Infrastructure Strategy which committed to deliver an infrastructure revolution. In the 2022 Autumn Statement, the UK Government confirmed its commitment to invest £600 billion over the next five years, seeking to accelerate delivery of its infrastructure portfolio.

Following the COVID-19 pandemic, changing working practices have impacted the need for fixed office space, particularly in London. As a result, there are regeneration plans underway elsewhere, with projects planned in the Midlands and the North of England. Construction output from the development of warehouses and logistics buildings has increased 10 per cent. since 2008 as the retail sector revised its logistics model, investing heavily in large distribution centres.

Additionally, the transition to electrified transport is essential to meet the UK's net zero commitments. The Faraday Institution estimates that seven UK-based gigafactories will be needed by 2040, each producing 20GWh of batteries per annum.

### 5.2.1 *UK Output*

The Construction Products Association (the "**CPA**") is an industry body for construction product manufacturers and suppliers in the UK, and the forecasts which they produce cover the key end-markets served by the Group. Please see below the CPA's industry forecasts for UK construction output and UK infrastructure output as at January 2023:

#### **UK Construction Output** (£billion)

|       |       |
|-------|-------|
| 2024f | 166.3 |
| 2023f | 165.4 |
| 2022e | 173.4 |
| 2021  | 170.1 |
| 2020  | 151.2 |

#### **UK Infrastructure Output** (£billion)

|       |      |
|-------|------|
| 2024f | 30.8 |
| 2023f | 30.1 |
| 2022e | 29.3 |
| 2021  | 28.0 |
| 2020  | 21.8 |

### 5.3 *Rol*

The backdrop for the Group's markets in Rol is positive. Rol was the fastest growing economy in the EU in 2022, growing GDP by 12 per cent. As the state prepares to accommodate the additional one million people expected to live there by 2040, the National Planning Framework sets out the strategic objectives that will ensure the built and natural environment can address the change responsibly.

In 2021 the Irish Government relaunched its National Development Plan, which outlines over €165 billion of public investment by 2030. To deliver sustainable economic growth and improve environmental and social outcomes, public investment in Rol will increase to 5 per cent. of gross national income by 2025; well above the EU average of 3 per cent. of GDP. The National Development Plan is particularly focused on supporting the largest public housing programme in the state's history and a large proportion of the spend is targeted directly at infrastructure investment in roads and transport where the Group has an excellent track record for delivery and services.

Residential construction is expected to be buoyant. The most ambitious housing plan in Rol's history was

published in September 2021, which contained a series of actions to double housing output by 2026, supported by more than €4 billion of annual government funding.

#### 5.4 **Competitive position**

The heavyside building materials industry is relatively consolidated in the Group's markets, with the top five largest players in GB and Ireland, which includes the Group, holding significant market share for the Group's key products. Below the major players, there is a long and fragmented tail of smaller players who also compete with the Group.

Given the highly localised nature of the aggregates industry, individual quarries, asphalt and concrete plants typically serve their local area. Market shares should also be considered regionally and the Group is well represented throughout GB and Ireland.

### 6. **OUTLOOK, CURRENT TRADING AND PROSPECTS**

The Group has begun 2023 positively and is in a strong position, supplying structurally growing end-markets with essential materials and underpinned by a healthy financial position.

As detailed within the AGM trading update RNS issued on 26 April 2023, trading during the first quarter of 2023 has been positive, with encouraging levels of enquiries. The Group's dynamic pricing strategy enabled the Group to recover costs and offset expected volume softness, with revenue during the first quarter 10 per cent. ahead of the same period last year, or 7 per cent. on a like-for-like<sup>6</sup> basis. Consequently, the Group continues to trade in line with the Board's expectations.

The outlook for each of the Group's divisions is as follows:

- **Great Britain:** The Group is mindful of the challenges faced by its customers; while it recognises the uncertainties they face, the Construction Products Association continues to forecast growth in infrastructure and industrial end-markets and the Group remains focused on working collaboratively with all its customers to meet their needs while maximising the efficiency of its operations. The Group is already seeing the benefits of the actions it took in FY22 to invest for growth and improve processes and systems and it expects this to continue.
- **Ireland:** The Irish Government has set out clear long-term spending commitments and RoI remains the fastest growing economy in Western Europe. In Northern Ireland, while the pace of activity continues to be impacted by the absence of the governing Assembly, the Group's business is underpinned by multi-year frameworks and term contracts. High-quality tenders are coming to market and the Group's experienced and agile team are well positioned to win further work.
- **Cement:** The outlook for the cement market is positive, underpinned by large ongoing infrastructure projects in the UK. In RoI, housing and infrastructure are supported by the Irish Government's development plans to accommodate a rapidly growing population.

The Group recognises that the macroeconomic backdrop remains uncertain, particularly with regard to residential housebuilding. However, the end-markets the Group serves benefit from long term structural growth drivers and the Construction Products Association continues to expect that infrastructure and industrial output will grow in 2023, underpinned by large ongoing projects. Euroconstruct forecasts construction output in RoI will grow 2.5 per cent. in real terms, supported by a structural need for housing and infrastructure investment<sup>7</sup>.

The Group's successful dynamic pricing strategy, forward hedging programme and careful approach to cost management, which enabled it to fully recover input cost increases in 2022, remain in place. For more detail, please see paragraph 3.2 above.

The Group's strategy provides multiple options for growth and its strong balance sheet and thoughtful approach to capital allocation offers the financial flexibility to take measured action at the right time.

The Group's mergers and acquisitions pipeline remains robust and the Group continues to engage with asset owners in GB and Ireland as it seeks to infill its existing capability and footprint in the near term. Longer term, the Group continues to explore the possibility of selectively establishing a platform in the U.S. All capital deployment, whether organic or inorganic, will continue to be screened through the Group's qualitative and quantitative investment criteria.

The Group's model has repeatedly demonstrated its resilience; delivering strong operational performance

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<sup>6</sup> Like-for-like reflects reported values adjusted for the impact of acquisitions and disposals.

<sup>7</sup> ([https://euroconstruct.org/ec/press/pr2022\\_94](https://euroconstruct.org/ec/press/pr2022_94))

irrespective of the macroeconomic backdrop, and the Group remains confident in its ability to deliver. Overall, the Board expectations for 2023 remain unchanged.

## 7. EMPLOYEES

The average number of employees of the Group analysed by category (which includes consideration of geographic location of the employees) at the end of each of the last three financial years was as follows:

| Category <sup>8</sup>  | FY20         | FY21         | FY22         |
|------------------------|--------------|--------------|--------------|
| Great Britain          | 2,254        | 2,466        | 2,637        |
| Ireland                | 387          | 372          | 334          |
| Cement                 | 454          | 487          | 517          |
| Central Administration | 109          | 132          | 161          |
| <b>Total</b>           | <b>3,204</b> | <b>3,457</b> | <b>3,649</b> |

Between 31 December 2022 and the Latest Practicable Date, the number of employees and their categories of activity have not changed materially.

## 8. REGULATORY REGIME APPLICABLE TO THE GROUP

The Group is subject to the laws and regulations of the jurisdictions in which it operates, covering a wide variety of areas. The nature of the day-to-day operations of the Group brings it into the scope of the following regulatory environments.

### 8.1 Health and safety

The Group must comply with legislation which imposes minimum safety and health requirements throughout the UK and RoI, as originally mandated by EU legislation and incorporated into domestic laws. The relevant legislation in the UK includes, but is not limited to: the Health and Safety at Work etc Act 1974, the Management of Health and Safety at Work Regulations 1999, the Provision and Use of Work Equipment Regulations 1998, the Construction (Design and Management) Regulations 2015 and the Quarries Regulations 1999. Corresponding legislation exists in RoI, which includes wider EU legislation.

Pursuant to such laws and regulations, employers typically must establish the conditions and the management of work in a way which seeks to prevent dangers to employees. In particular, employers must observe certain basic hygiene standards and comply with certain occupational health and safety requirements, such as permissible maximum levels of noise and the use of personal protective clothing. There are also more specific regulations relating to certain site activities, such as working in confined spaces or at height.

The Group has a suite of health and safety policies in place to ensure all employees are competent to carry out their duties. This is supported by site specific procedures and regular training including site and activity risk assessments and on site tool box talks in smaller groups to ensure policies and procedures in place are effective and that they are adhered to. The Group has a dedicated health and safety team, managing all aspects of health and safety management, the head of which reports directly to the Group's Chief Executive Officer.

The Directors take the health and safety of the Group's employees extremely seriously and it is of considerable importance to them. All employees are urged to look after themselves and their colleagues and are empowered to speak up and challenge or report any unsafe behaviour, irrespective of any perceived hierarchy within the organisation. In 2022, the Group reinvigorated its Home Safe and Well programme, and increased health and safety training. In the last 12 months, the Group has also conducted nearly 40 per cent. more visible leadership site visits, which gives senior non-operational members of the Group the opportunity to visit operations and engage with their site colleagues in a health and safety and wellbeing context. In 2022, the Group maintained its strong health and safety track record, with the lost time injury frequency rate (LTIFR) falling to 2.10 compared to 2.19 in 2021, while the lost time injury severity rate (LTISR) halved.

Breaches of health and safety laws can result in death or personal injury, reputational issues, significant fines or civil or criminal prosecutions. Recent changes in the sentencing environment in the UK for larger companies, such as the Group, mean fines and penalties are likely to be higher than previously.

<sup>8</sup> The categories of activity are as per the Note 2 to the Financial Statements within the 2022 Annual Report which are incorporated by reference.

## 8.2 ***Planning***

In both the UK and RoI, the excavation of minerals is subject to both planning and special operating permits. Such permits may be subject to stringent requirements to ensure that the excavation process is in compliance with environmental laws. In the UK, the environmental impact of quarrying activities are principally governed by planning law, the Quarries Regulations 1999 and in part by other environmental legislation.

Permits typically require remediation and restoration of the sites after the excavation of raw materials, and the Group is obliged to bear any cost in connection with such restoration obligations. Non-compliance with applicable laws, regulations or other provisions may result in revocation of permits, fines and/or civil or criminal sanctions.

The Group conducts regular assessments of its quarries from quarry managers, the dedicated land and minerals team and where necessary from other third parties. Quarry operations are controlled and legislated by various regulatory bodies such as the UK Government's Environment Agency and the planning authorities, who in turn carry out regular checks to ensure appropriate compliance with relevant enabling permissions, consents and conditions.

The Group has commenced biodiversity studies on its sites to develop and implement biodiversity plans for the protection of flora and fauna.

## 8.3 ***Environmental***

The Group's operations and sites are subject to environmental laws and regulations in the UK and RoI, including those relating to air emissions, water discharge, the production, use and storage of hazardous materials and contaminated land.

### 8.3.1 ***Air emissions***

Many of the Group's production sites produce emissions, in particular its cement plants and asphalt plants, which are authorised in accordance with terms of relevant emissions permits. A combination of the domestic environment agencies and local authorities review the quality of air within their area and compliance with the permits. Such permits may include information on which pollutants are being released and how much may be released. The Group actively monitors its emissions, and where relevant manages any changes to its operations which may be necessary to maintain compliance or reduce the pollution.

### 8.3.2 ***Water discharge***

Certain legislation requires the protection of ground and surface water against any contamination, such as through the disposal of sewage or wastewater. The Group's sites discharge ground and surface water in the main through a combination of permits or discharge consents from the relevant statutory undertaker into their network, but also into natural watercourses or other bodies of water. The manufacture of ready-mixed concrete in particular requires large volumes of water in its manufacturing and care must be taken to ensure that the amount of solids in any waste water does not exceed permitted levels or it can cause build ups which block relevant drainage systems.

The Group regularly tests water discharged at its sites and is materially compliant with the water quality rules and regulations applicable to it. Wherever possible, sites have been mapped for underground drains and discharge points are known and are monitored. Risk assessments at sites also include water discharge consideration for activities which are next to a water course or where surface water at sites discharges into a water course. Water is recycled and reused on site wherever possible.

### 8.3.3 ***Production, use and storage of hazardous materials***

Unprotected contact with cement and products which contain cement, such as ready-mixed concrete, can be harmful to skin and eyes. The Group must ensure, by law, that its manufactured cement has sufficient levels of chromium VI to minimise such harm and material safety data sheets set out the precautions to be taken when handling cement and wet concrete to minimise contact. The Group has a quality control team in the cement business who routinely test and manage quality and potential safety issues arising from the manufacture and supply of cement.

As the Group's operations involve, and have involved, the use and storage of various additives required for the manufacture of the Group's products that are, or could be classified as hazardous, or otherwise as pollutants, there is some risk of harm from chemical burns when exposed to them, and contamination and environmental damage from their use. The Group must comply with safety data sheets and the Control

of Substances Hazardous to Health Regulations 2002 (COSHH) in relation to their use and storage to mitigate any potential environmental impact which may arise.

#### 8.3.4 *Land contamination*

Both the UK and RoI have laws which create liabilities in connection with contaminated land. In general, these laws impose liability for the clean-up of contamination on those persons who have caused or knowingly permitted the substances giving rise to the contamination. If such persons cannot be found, liability may fall on the current owners or occupiers of the land in question.

The Group is potentially exposed to such liabilities. In particular, the Group owns, and has owned, various sites within the UK that are, or have been, used as inert landfills, under which the Group is the operator of the landfill and holds an environmental permit for the relevant activities. The Group seeks to manage its risk in relation to these sites primarily through a combination of on-going monitoring and management and contractual protections (where it is not the operator of the landfill site). There are some closed and/or inactive landfill sites which may create long-term liabilities for the Group but the risk is low.

Breaches of environmental laws, applicable authorisations or permits can result in significant fines or civil or criminal prosecutions. In addition, the discovery of contamination at the Group's sites could require it to incur substantial clean-up costs.

#### 8.4 **General**

The Group is subject to the UK Bribery Act 2010 and the Irish Criminal Justice (Corruption Offences) Act 2018 under which the Group is liable for failure to prevent bribery taking place by those working for or on the Group's behalf, no matter where in the world those acts take place. The Group applies all of the principles of the UK and Irish legislation to all of its operating activities irrespective of the jurisdiction in which any person operates.

The Group believes by conducting its businesses in full and fair competition with others it is able to offer a better service to customers. Compliance with competition law forms an important part of that overall policy. The purpose of competition law is to prohibit anti-competitive or restrictive agreements/behaviour and abuses of market power. Competition law is enforced in the UK by the Competition and Markets Authority; in Ireland by the Competition and Consumer Protection Commission; and for a breach of European competition laws by the European Commission.

The Group must comply with competition and antitrust laws generally, but must also take special care as the Group regularly buys from and sells to its competitors, which creates higher risk. In addition, the GB cement business is subject to specific orders mandated by the Competition and Markets Authority relating to cement volumes and generic pricing.

The Group must comply with legislation around data protection and privacy (including UK GDPR and the Irish Data Protection Act 2018), anti-money laundering, employment, customs, tax, export controls and accounting standards.

### 9. **DIVIDEND POLICY**

The Company is committed to a progressive dividend policy. Assuming continued positive trading conditions and cash generation, the Company intends to target a payout ratio of 40 per cent. of Underlying EPS over time. However, there are no guarantees that the Company will pay future dividends at all or the level of any such dividends. The Company may revise its dividend policy from time to time.

The amount of the dividend per share paid by Breedon for each financial year for the period covered by the historical information (adjusted to account for changes in share capital) is as follows:

| <b>Date</b>      | <b>Amount of dividend*</b>              |
|------------------|-----------------------------------------|
| 31 December 2022 | 2.1 pence                               |
| 31 December 2021 | 1.6 pence                               |
| 31 December 2020 | Not applicable as no dividend was paid. |

\*Adjusted to account for changes in the amounts of shares in issue during that year, to make the figures comparable.

## PART VI. DIRECTORS AND CORPORATE GOVERNANCE

### 1. DIRECTORS

#### 1.1 *Board of Directors*

The Directors and their principal functions within the Company together with a brief description of their management experience and expertise and principal business activities outside the Company, are set out below. The Directors do not consider that there are any other senior managers who are relevant to establishing that the Company has the appropriate expertise and experience for the management of the Company's business. The business address of each of the Directors (in such capacity) is Pinnacle House, Breedon on the Hill, Derby DE73 8AP.

| Name             | Position                                  |
|------------------|-------------------------------------------|
| Amit Bhatia      | Non-Executive Chair                       |
| Rob Wood         | Chief Executive Officer                   |
| James Brotherton | Chief Financial Officer                   |
| Clive Watson     | Senior Independent Non-Executive Director |
| Carol Hui        | Independent Non-Executive Director        |
| Pauline Lafferty | Independent Non-Executive Director        |
| Helen Miles      | Independent Non-Executive Director        |

#### *Amit Bhatia - Non-Executive Chair*

Amit was executive chair of Hope Construction Materials until it was acquired by the Group in August 2016, when he joined the Breedon Board. He was appointed Deputy Chair in April 2018 and Non-Executive Chair in May 2019. He has over 20 years' corporate finance and private equity experience and is a founding partner at Summix Capital, a strategic land and property fund. He is also a Gold Leaf member at the Aspen Institute. He has a strong strategic and entrepreneurial approach which he brings to the Board together with his governance and stewardship experience. Amit's other current positions include chairman of the Queen's Park Rangers Football Club.

#### *Rob Wood - Chief Executive Officer*

Rob has held an executive position on the Breedon Board for a number of years, bringing solid and invaluable operational leadership as Group Finance Director between March 2014 and March 2021 and as Chief Executive Officer since April 2021. He has 20 years' experience in the international building materials industry. He qualified as a chartered accountant with Ernst & Young and subsequently joined Hanson PLC where he held a number of senior positions including finance director at Brick Continental Europe, finance director at Building Products UK and chief financial officer of Australia and Asia Pacific. Following the acquisition of Hanson PLC by HeidelbergCement AG, Rob returned to the UK and joined Drax Group plc as group financial controller. During his time at Drax he also spent a period of time as head of mergers and acquisitions.

#### *James Brotherton - Chief Financial Officer*

James joined the Group in January 2021 and was appointed Chief Financial Officer in April 2021. He has considerable international construction sector and corporate experience in the areas of finance, strategy, operational efficiency, systems development, mergers and acquisitions and business integration. Early in his career, James worked in investment banking roles at Citi and HSBC, after qualifying as a chartered accountant at Ernst and Young. Before joining the Group he held roles at Tyman Plc, as director of corporate development for five years before taking the position of chief financial officer between 2010 and 2019. In addition to his position on the Breedon Board, James is currently a director of The Quoted Companies Alliance, a member of the Panel on Takeovers and Mergers and a member of the Financial Reporting Council's Pre-Emption Group.

#### *Clive Watson - Senior Independent Non-Executive Director*

Clive was appointed to the Breedon Board in September 2019 and became the Senior Independent Director and Chair of the Audit & Risk Committee in April 2020. He is both a chartered accountant and member of the Chartered Institute of Tax, with significant finance experience in a variety of industries. He

has considerable finance experience, having previously been the group finance director of Spectris plc, chief financial officer and executive vice president for business support at Borealis, group finance director at Thorn Lighting Group and held a variety of finance roles at Black & Decker. In 2019, Clive retired as a non-executive director of Spirax Sarco Engineering plc, where he was chair of the Audit Committee and senior independent director. In addition to his position on the Breedon Board, Clive is a non-executive director and chair of the Audit & Risk Committee for discoverIE Group plc, Kier Group plc and Trifast plc.

#### *Carol Hui - Independent Non-Executive Director*

Carol was appointed to the Breedon Board in May 2020 and as Chair of the Sustainability Committee in January 2022. She is also a member of the Group's Audit & Risk Committee, Nomination Committee and Remuneration Committee. Carol was originally a corporate finance lawyer with London law firm Slaughter and May and has previously held positions as chair at Robert Walters plc and executive board director at Heathrow Airport Limited, as well as senior positions at Amey plc and British Gas plc. She has received numerous legal and business awards throughout her career including from the Financial Times, the International Law Office and PwC. Carol also holds current positions as non-executive director of Grainger plc (where she is also chair of the Responsible Business Committee), the British Tourist Authority (where she is also chair of the Audit & Risk Committee), Christian Aid and the Lord Chamberlain's Committee of the Royal Household.

#### *Pauline Lafferty - Independent Non-Executive Director*

Pauline was appointed to the Breedon Board and as Chair of the Remuneration Committee in August 2021 and is the designated Non-Executive Director for workforce engagement. She was previously a partner with The Miles Partnership, an executive director at Russell Reynolds Associates in the UK and Australia, and Asia Pacific director of materials and supply at Digital Equipment Corporation in Hong Kong. She went on to be chief people officer at Weir Group plc, where she was responsible for progressing Weir's agenda on all aspects of strategic HR. Pauline's current non-executive portfolio includes chair of the Remuneration Committee for XP Power Limited and Scottish Events Campus Ltd.

#### *Helen Miles - Independent Non-Executive Director*

Helen was appointed to the Breedon Board in April 2021 as an independent Non-Executive Director. She is also a member of the Group's Audit & Risk Committee, Nomination Committee and Remuneration Committee. Helen has worked in a variety of sectors and organisations such as Bass Taverns Limited, Barclays Bank plc, and Compass Group plc. As an experienced finance professional, she was previously chief financial officer for Openreach, part of BT Group plc, and has extensive experience of delivering major business transformation across the group. As a member of its UK board, Helen was instrumental in delivering HomeServe's future growth strategy and ensuring a sustainable, customer-focused business. In addition to her position on the Breedon Board, Helen holds the position of capital and commercial services director at Severn Trent plc.

## **2. CORPORATE GOVERNANCE**

The Board is committed to the highest standards of corporate governance. Save as explained below, with effect from Admission, the Company intends to comply with the UK Corporate Governance Code and will report to Shareholders on such compliance and any non-compliance in accordance with the Listing Rules.

### **2.1 The Board**

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company.

### **2.2 Compliance with corporate governance requirements**

#### **2.2.1 Board and committee independence**

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the Chair, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, this judgement. The Board has determined that all of the Non-Executive Directors

(other than the Chair) are free from any business or other relationship that could materially interfere with the exercise of their independent judgement and are therefore "independent non-executive directors" within the meaning of the UK Corporate Governance Code. Upon Admission, the Company is expected to have two executive directors and four independent non-executive directors plus the Chair and will therefore comply with the UK Corporate Governance Code in this respect.

### *2.2.2 Chair of the Board*

The UK Corporate Governance Code recommends that a chair should meet the independence criteria set out in the UK Corporate Governance Code on appointment. Amit Bhatia is not considered to have been independent on appointment to the Breedon Board, having been initially appointed as the representative of Abicad Holding Limited (a significant Breedon Shareholder which retains a significant shareholding in New Breedon) pursuant to the terms of a relationship agreement then in force between it and Breedon. Accordingly, although Mr Bhatia is no longer a representative of Abicad Holding Limited, he is not considered to have been independent on appointment to the Board and therefore the current Board structure does not comply with Provision 2.9 of the UK Corporate Governance Code. By way of background, Mr Bhatia was appointed to the Breedon Board in August 2016, appointed Deputy Chair in April 2018, and non-executive Chair in 2019. He has considerable experience in both the materials sector and through corporate finance. Mr Bhatia had also been appointed as executive chair of Hope Construction Materials in 2013, then the UK's largest independent building materials business before it was acquired by the Group in August 2016 (which is when he subsequently joined the Breedon Board). Given Mr Bhatia's longstanding experience in the sector and tenure with the Group, the Company does not propose to appoint a new independent Chair in order to comply with the UK Corporate Governance Code. No material impact on the ability of stakeholders to form suitable investment decisions in the Group is foreseen with Mr Bhatia as Chair.

### *2.2.3 Senior independent director*

The UK Corporate Governance Code also recommends that the board of directors of a company should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. The senior independent director has an important role on the Board in leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chair, CEO or other Executive Directors has failed to resolve or for which such contact is inappropriate. Clive Watson acts as the senior independent director of Breedon and will act as the senior independent director of New Breedon.

### *2.2.4 Re-election*

The UK Corporate Governance Code recommends that all directors should be subject to election by shareholders at the first annual general meeting after their appointment, and to annual re-election thereafter. The Directors therefore intend to put themselves up for election at the Company's next annual general meeting. It is also intended that the Directors will continue to put themselves up for annual re-election at each further annual general meeting of the Company. In addition, prior to recommending their re-election to Shareholders, the Board intends to carry out an annual re-assessment of the ongoing independence of each of the Non-Executive Directors and to make an appropriate statement disclosing their status in the Company's annual report.

### *2.2.5 Diversity*

Upon Admission, it is expected that the Board will include three (42 per cent.) female directors and two directors from ethnic minority backgrounds (out of seven). The Board and Nomination Committee will have regard to diversity, including gender when considering further appointments. The Company reported on the gender and ethnicity breakdown of the Board and the Executive Committee (and its direct reports) in the 2022 Annual Report.

### *2.2.6 Workforce engagement*

As one of the Company's methods to gather the views of the workforce and take these views into consideration in Board discussions and decision-making, the Company has appointed Pauline Lafferty as its designated Non-Executive Director for workforce engagement.

## 2.3 **Board Committees**

The Board has established a number of committees, whose terms of reference are documented formally and updated as necessary. If the need should arise, the Board may set up additional committees as appropriate.

### 2.3.1 *Audit & Risk Committee*

The Audit & Risk Committee is chaired by Clive Watson and its other members are Carol Hui, Pauline Lafferty and Helen Miles. The Audit & Risk Committee has historically met at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. Following Admission, the Audit & Risk Committee will meet at least four times a year and otherwise as required. The quorum necessary for the transaction of business at any meeting of the Audit & Risk Committee is two members.

The Audit & Risk Committee's terms of reference state that the Audit & Risk Committee must comprise at least three members, all of whom shall be independent non-executive directors and one of whom shall be appointed as a chair. At least one member must have recent and relevant financial experience and competence in accounting and/or auditing and the Audit & Risk Committee as a whole must have competence relevant to the sector in which the Company operates.

Members of the Audit & Risk Committee are appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chair of the Audit & Risk Committee. Appointment of the chair of the Audit & Risk Committee is also made by the Board on the recommendation of the Nomination Committee and in consultation with the Audit & Risk Committee.

The Audit & Risk Committee's role is to assist the Group as a whole with the discharge of its responsibilities in relation to financial reporting; narrative reporting; internal controls and risk management systems; compliance, whistleblowing and fraud; and internal and external audit.

Outside of the formal meeting programme, the chair of the Audit & Risk Committee is expected to maintain a dialogue with key individuals involved in the Company's governance, including the chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner, the Head of Internal Audit and the Group General Counsel. The chair of the Audit & Risk Committee is also expected to be available at annual general meetings of the Company to respond to questions from Shareholders on the Audit & Risk Committee and its activities and achievements should also seek engagement with Shareholders on significant matters related to the Audit & Risk Committee's areas of responsibility.

### 2.3.2 *Remuneration Committee*

The Remuneration Committee is chaired by Pauline Lafferty and its other members are Carol Hui, Helen Miles and Clive Watson. The Remuneration Committee meets not less than twice a year and otherwise as required. The quorum necessary for the transaction of business at any meeting of the Remuneration Committee is two members.

The Remuneration Committee's terms of reference state that the Remuneration Committee must comprise at least three members, all of whom shall be independent non-executive directors, except that the chair of the Board may serve as a member of the Remuneration Committee if they were considered independent on appointment as chair. The chair of the Remuneration Committee must be an independent non-executive director who has served on a remuneration committee for at least 12 months.

Members of the Remuneration Committee are appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chair of the Remuneration Committee. Appointment of the chair of the Remuneration Committee is also made by the Board.

The Remuneration Committee has delegated responsibility for determining the remuneration policy for all executive directors, other members of the Executive Committee and for the chair of the Board. The Remuneration Committee also reviews workforce pay and related policies and the alignment of incentives and rewards with culture. The Remuneration Committee is also expected to ensure that a report on its work is included in the Company's annual report and put to Shareholders for approval at the Company's annual general meeting, as necessary. The chair of the Remuneration Committee is also expected to be available at annual general meetings of the Company to respond to questions from Shareholders on the Remuneration Committee and its activities and achievements and should also seek engagement with Shareholders on significant matters related to the Remuneration Committee's areas of responsibility.

### 2.3.3 *Nomination Committee*

The Nomination Committee is chaired by Amit Bhatia, except when dealing with matters relating to his own appointment, and its other members are Carol Hui, Pauline Lafferty, Helen Miles and Clive Watson. The Nomination Committee meets at least twice a year and otherwise as required. The quorum necessary for the transaction of business at any meeting of the Nomination Committee is two members, both of whom must be independent non-executive directors.

The Nomination Committee's terms of reference state that the Nomination Committee must comprise at least three members, a majority of whom must be independent non-executive directors. The chair of the Nomination Committee must be either the chair of the Board or an independent non-executive director.

Members of the Nomination Committee are appointed by the Board, on the recommendation of the Nomination Committee. Appointment of the Chair of the Nomination Committee is also made by the Board.

The responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge, experience, diversity and length of service) of the Board; ensuring plans are in place for orderly succession to Board and senior management positions; preparing a policy in relation to Board and senior management diversity; reviewing the leadership needs of the business; and identifying and nominating candidates to fill Board vacancies as and when they arise.

The chair of the Nomination Committee is expected to attend the annual general meetings of the Company to respond to questions from Shareholders on the Nomination Committee's activities and achievements and should also seek engagement with Shareholders on significant matters related to the Nomination Committee's areas of responsibility.

### 2.3.4 *Sustainability Committee*

The Sustainability Committee is chaired by Carol Hui and its other members are Amit Bhatia, Pauline Lafferty, Helen Miles and Clive Watson. The Sustainability Committee meets at least three times a year and at such other times as the chair of the Sustainability Committee shall deem necessary. If possible, meetings are to be held in conjunction with meetings of the Audit & Risk Committee, with whom the Sustainability Committee shall closely liaise. The quorum necessary for the transaction of business at any meeting of the Sustainability Committee is two members, both of whom must be independent non-executive directors.

The Sustainability Committee's terms of reference state that the Sustainability Committee must comprise at least three members, the majority of whom must be independent non-executive directors and one of whom must be appointed as chair. If not already included in the non-executive directors nominated by the Board, the chair of the Board will also be a member of the Sustainability Committee.

Members of the Sustainability Committee are appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chair of the Sustainability Committee. Appointment of the Chair of the Sustainability Committee is also made by the Board on the recommendation of the Nomination Committee.

The responsibilities of the Sustainability Committee include reviewing the environmental impact and sustainability of the Group's operations, having regard to the impact of the Company's operations on the community and the environment as well as the Company's other stakeholders when promoting the success of the Company; ensuring the promotion of socially responsible values and standards that relate to the social and economic communities in which the Group operates; reviewing the Group's policies and procedures in relation to sustainability and associated matters; and reviewing and evaluating the sustainability performance of the Group.

The chair of the Sustainability Committee is expected to attend the annual general meetings of the Company to respond to questions from Shareholders on the Sustainability Committee's activities and achievements and should also seek engagement with Shareholders on significant matters related to the Sustainability Committee's areas of responsibility.

## 3. **SHARE DEALING CODE**

The Company will adopt, with effect from Admission, a securities dealings code in relation to the New Breedon Shares which is based on the requirements of the UK Market Abuse Regulation and is consistent with Breedon's existing code. The code will apply to all persons on restricted lists and insider lists, all persons discharging managerial responsibilities in the Company and any other person who the Directors consider should be subject to the securities dealings code.

#### 4. REMUNERATION POLICY

The Company will formally propose a new directors' remuneration policy for approval by New Breedon Shareholders at the first Annual General Meeting of the Company following Admission, in accordance with section 439A of the Companies Act 2006 and regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended from time to time). It is currently intended that, if approved, that policy will apply for three years from the date of that Annual General Meeting.

It is intended that, from Admission until the shareholder-approved directors' remuneration policy is put in place, remuneration for each Executive Director will operate in line with the directors' remuneration policy included in the Company's 2022 Annual Report, at pages 120 to 121 which has been incorporated into this Prospectus by reference as set out in Part XIII (*Documents Incorporated by Reference*). To reflect best practice amongst premium listed companies on the London Stock Exchange, it is currently intended that the new directors' remuneration policy to be proposed at the first Annual General Meeting of the Company following Admission will additionally include a formal policy for post-employment shareholding requirements for executive directors encompassing both unvested and vested shares.

## **PART VII. THE SCHEME OF ARRANGEMENT AND RELATED PROPOSALS**

### **1. Introduction**

On 8 March 2023, Breedon announced its intention to put in place a new ultimate holding company for the Group, New Breedon, a public limited company incorporated in England. This new group structure will be implemented by way of a scheme of arrangement under Article 125 of the Jersey Companies Law.

Upon the Scheme becoming effective, Breedon Shareholders will receive one New Breedon Share for every five Breedon Shares held at the Scheme Record Time (provided that any fraction of a New Breedon Share shall be disregarded). Following this consolidation, New Breedon Shareholders will have the same proportionate interest in the profits, net assets and dividends of New Breedon as they had in Breedon immediately prior to the Scheme Effective Date (save in respect of the impact of fractional entitlements being rounded down to the nearest whole number of New Breedon Shares). Implementation of the Scheme is conditional, among other things, upon sanction by the Jersey Court.

The required approvals (as described in more detail in paragraph 3 below) by Breedon Shareholders were obtained at the Jersey Court Meeting and the Scheme General Meeting on 26 April 2023. An application has been made to the Jersey Court to sanction the Scheme at the Jersey Court Hearing. If the Scheme is sanctioned at the Jersey Court Hearing and the other conditions to the Scheme have been satisfied (as set out in paragraph 3 below) the Scheme is expected to become effective on the Scheme Effective Date.

Application has also been made: (i) to the London Stock Exchange in respect of the cancellation of the admission to trading on AIM of the Breedon Shares; (ii) to the FCA in respect of the admission of the New Breedon Shares to listing on the premium listing segment of the Official List; and (iii) to the London Stock Exchange in respect of the admission of the New Breedon Shares to trading on the Main Market. The last day of dealings in Breedon Shares is expected to be 16 May 2023. The last time for registration of transfers of Breedon Shares is expected to be 6:00 p.m. on 16 May 2023. It is expected that Admission will become effective and that dealings in New Breedon Shares will commence at 8:00 a.m. on 17 May 2023. The admission to trading on AIM of Breedon Shares will be cancelled immediately prior to Admission.

If, however, the Scheme has not become effective by 30 June 2023 (or such later date as Breedon and New Breedon may agree and the Jersey Court may allow), it will lapse, in which event there will not be a new parent company of Breedon, Breedon Shareholders will remain shareholders of Breedon and the existing Breedon Shares will continue to be traded on AIM. The Group will have the same business and operations after the Scheme Effective Date as the Group did before the Scheme Effective Date. The Scheme will not result in any changes to the day-to-day operations of the Group or its strategy.

### **2. Background to, and reasons for, the Scheme and related Proposals**

#### **2.1 Background**

##### *Re-domiciliation to the UK*

Breedon is a public limited company incorporated in Jersey. Breedon's status as a non-English company trading on AIM means it incurs duplicated costs in England and Jersey to order to comply with local corporate requirements. In common with many listings on the Main Market, a clean new company (New Breedon) will be used as the vehicle in which the Main Market listing takes place.

##### *Step-up to Main Market*

On 8 March 2023, Breedon announced that it intended to undertake the Scheme, cancel the admission of the Breedon Shares to trading on AIM and, subject to meeting eligibility criteria, apply for New Breedon's share capital to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market. As an established business, with a track record for growth and cash generation, robust corporate governance and ambitions for further expansion, the Directors believe the Main Market now offers the appropriate listing for a group of New Breedon's scale and heritage. The Directors consider that Admission would further enhance the Group's corporate profile and recognition, as well as extending the opportunity to invest in the Group to index tracker funds and a broader group of international institutional shareholders.

Accordingly, the Board, after detailed consideration, believes the move to the Main Market would best support its long term strategy and growth prospects.

## 2.2 Principal steps of the Scheme

The principal steps involved in the Scheme are as follows:

### 2.2.1 *Establishing New Breedon as the new parent company of the Group*

- (a) New Breedon was incorporated in England and Wales under the name "Breedon Group plc" on 17 March 2023 under the Companies Act as a public limited company with registered number 14739556.
- (b) New Breedon was incorporated with 14,286 Subscription Shares, each having a nominal value of £3.50. The Subscription Shares were paid up in full and issued to Breedon, in consideration for an undertaking by New Breedon to pay the amount of £55,000 (the "**Subscription Amount**").
- (c) The Subscription Shares were issued for the purpose of satisfying minimum share capital requirements for public companies pursuant to the Companies Act. The Subscription Shares will not be admitted to listing or trading and, following Admission, will not have any voting rights. The Breedon Directors intend that, following the Scheme becoming effective, the Subscription Shares will be cancelled by way of the Capital Reduction shortly following Admission.

### 2.2.2 *Issue of New Breedon Shares in exchange for Breedon Shares*

- (a) Pursuant to the Scheme, New Breedon will acquire all Breedon Shares by issuing one New Breedon Share in exchange for every five Scheme Shares (provided that any fraction of a New Breedon Share shall be disregarded).
- (b) With effect from the Scheme Effective Date, the rights attaching to the New Breedon Shares will be, for all practical purposes, the same as those attaching to the existing Breedon Shares.
- (c) With effect from the Scheme Effective Date and taking into account the 5:1 share consolidation explained in paragraph 2.2.2(a) above, a New Breedon Shareholder will have the same proportionate interest in the profits, net assets and dividends of New Breedon as they had in Breedon immediately prior to the Scheme Effective Date (save in respect of the impact of fractional entitlements being rounded down to the nearest whole number of New Breedon Shares).
- (d) The Group will have the same business and operations immediately after the Scheme Effective Date as it had immediately before the Scheme Effective Date. The assets and liabilities of the Group immediately after the Scheme Effective Date will not materially differ from the assets and liabilities the Group had before the Scheme Effective Date.
- (e) The issued share capital of New Breedon immediately following the Scheme becoming effective is expected to be:

| <b>Issued Share Capital</b>       | <b>Number<sup>9</sup></b> |
|-----------------------------------|---------------------------|
| New Breedon Shares of £1.40 each  | 338,905,147               |
| Subscription Shares of £3.50 each | 14,286                    |

### 2.2.3 *Conditions to implementation of the Scheme*

As at the date of this Prospectus, the implementation of the Scheme remains conditional on the following having occurred:

- (a) the Scheme having been sanctioned by the Jersey Court at the Jersey Court Hearing and the Jersey Court Order having been delivered to the Jersey Registrar of Companies and registered by it; and
- (b) Breedon not having withdrawn the Scheme, which it shall be entitled to do at any time, and for any reason, prior to the point at which the Court issues the Court Order.

<sup>9</sup> This is the maximum number of New Breedon Shares which will be in issue on Admission, assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Shareholders do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

In addition, the New Breedon Directors will not take the necessary steps to enable the Scheme to become effective unless, at the relevant time, the following conditions have been satisfied:

- (a) the FCA having acknowledged to New Breedon or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Breedon Shares to listing on the premium listing segment of the Official List has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**listing conditions**")) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions have been satisfied; and
- (b) the London Stock Exchange having acknowledged to New Breedon or its agent (and such acknowledgement not having been withdrawn) that the New Breedon Shares will be admitted to trading on the Main Market.

Breedon shall be under no obligation to determine to be or remain satisfied or treat as fulfilled any of the Conditions at any time prior to the Long Stop Date, notwithstanding that the other Conditions (or any of them) may at an earlier date have been satisfied or fulfilled and that there are, at such earlier date, no circumstances indicating that any such Condition may not be capable of satisfaction or fulfilment.

The Jersey Court Meeting and Scheme General Meeting were each held on 26 April 2023 and the resolution to approve the Scheme was duly passed with the requisite majority.

The Jersey Court Hearing to sanction the Scheme is expected to be held at 9:00 a.m. on 16 May 2023. Breedon Shareholders have the right to attend the Jersey Court Hearing in person or by counsel to support or oppose the sanction of the Scheme. The Jersey Court Hearing is expected to be held at The Royal Court of Jersey, Royal Court Building, Royal Square, St. Helier, Jersey JE11BA.

If the Scheme is sanctioned at the Jersey Court Hearing and the other conditions to the Scheme have been satisfied, the Scheme is expected to become effective on 16 May 2023, and dealings in the New Breedon Shares are expected to commence at 8.00 a.m. on 17 May 2023. If the Scheme has not become effective by 30 June 2023 (or such later date as Breedon and New Breedon may agree and the Jersey Court may allow), it will lapse, in which event the Scheme will not proceed, Breedon Shareholders will remain shareholders of Breedon and the Breedon Shares will continue to be admitted to trading on AIM.

### 3. Post-Admission Reorganisation Steps

#### 3.1 Capital Reduction

- (a) Following the Scheme Effective Date and after Admission, it is expected that New Breedon will undertake a capital reduction sanctioned by the UK Court to create distributable profits. The nominal value of New Breedon Shares will be reduced from £1.40 to £0.01. The Subscription Shares will also be cancelled by way of the Capital Reduction shortly following Admission.
- (b) The issued share capital of New Breedon immediately following the Capital Reduction is expected to be:

| <b>Issued Share Capital</b>      | <b>Number <sup>10</sup></b> |
|----------------------------------|-----------------------------|
| New Breedon Shares of £0.01 each | 338,905,147                 |

- (c) The Capital Reduction is conditional upon:
  - (i) the Scheme becoming effective in accordance with its terms;
  - (ii) the New Breedon Shares required to be allotted pursuant to the Scheme having been allotted, issued and registered in the names of the persons entitled to such shares in the Company's register;
  - (iii) Admission occurring;
  - (iv) the UK Court confirming the Capital Reduction; and
  - (v) the Registrar of Companies registering the court order and a statement of capital in respect of the Company as approved by the UK Court.

<sup>10</sup> This is the maximum number of New Breedon Shares which will be in issue on Admission, assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Shareholders do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

- (d) In order to obtain the confirmation of the UK Court to the Capital Reduction, New Breedon will need to satisfy the Court that its creditors are not prejudiced. New Breedon will put into place appropriate arrangements (if required) to satisfy the UK Court's requirements in this respect.
- (e) The necessary shareholder resolution for New Breedon to implement the Capital Reduction has been passed by the current shareholder of New Breedon, as further detailed in paragraph 3.3 of Part XII (*Additional Information*) of this Prospectus.

### 3.2 *Re-registration of Breedon as a private company*

After the Scheme Effective Date, and as approved in the Special Resolution, Breedon will re-register as a private company and, in order to simplify the structure of the Group, it is intended that Breedon will be liquidated in due course.

## 4. **Effects of the Scheme**

Under the Scheme, Scheme Shareholders will receive one New Breedon Share for every five Breedon Shares held by them at the Scheme Record Time. Scheme Shareholders' existing proportionate entitlements to participate in Breedon's capital and income will not be affected by reason of the implementation of the Scheme and will be replicated in New Breedon (save in respect of the impact of fractional entitlements being rounded down to the nearest whole number of New Breedon Shares, and the rights attaching to the Subscription Shares). Scheme Shareholders will not receive any amount in cash pursuant to the terms of the Scheme (subject to any arrangements set out in paragraph 9 of this Part VII).

New Breedon is a newly incorporated company which has not traded since its incorporation and, prior to the Scheme becoming effective, will not own any assets or have any liabilities other than Midco. Immediately following the Scheme becoming effective, New Breedon will own the Breedon Shares and the entire issued share capital of Midco. As the new parent company of the Group, its assets, liabilities and earnings on a consolidated basis will be those of the Group.

## 5. **New Breedon Articles**

A summary of the New Breedon Articles is included in paragraph 5 of Part XII of this Prospectus. The New Breedon Articles are also available for inspection as set out in paragraph 22 of Part XII of this Prospectus.

## 6. **Listing, dealings, share certificates and settlement**

Applications have been made: (i) to the London Stock Exchange in respect of the cancellation of the admission to trading on AIM of the Breedon Shares; (ii) to the FCA in respect of the admission of the New Breedon Shares to listing on the premium listing segment of the Official List; and (iii) to the London Stock Exchange in respect of the admission of the New Breedon Shares to trading on the Main Market subject (in each case) to the Scheme becoming effective.

The last day of dealings in the Breedon Shares is expected to be 16 May 2023. The last time for registration of transfers of Breedon Shares is expected to be close of business on 16 May 2023. It is expected that Admission will become effective and that dealings in New Breedon Shares will commence at 8.00 a.m. on 17 May 2023. The admission to trading on AIM of the Breedon Shares will also be cancelled immediately prior to Admission on that date.

These dates may be deferred if there is any delay in obtaining the Jersey Court's sanction of the Scheme. In the event of a delay, the application for the cancellation of the admission to trading on AIM of the Breedon Shares will be deferred so that such admission to trading will not be cancelled until immediately before the Scheme becomes effective.

**With effect from (and including) the Scheme Effective Date, all share certificates representing the Breedon Shares will cease to be valid and binding in respect of such holdings and should be destroyed.**

All documents, certificates or other communications sent by, to, from or on behalf of Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and will be sent by post.

Application will be made for the New Breedon Shares to be admitted to CREST for settlement and transfer purposes. Euroclear requires New Breedon to confirm to it that certain conditions imposed by the CREST Regulations are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the New Breedon Shares on Admission. As soon as practicable after satisfaction of the conditions, New Breedon will confirm this to Euroclear.

Subject to the satisfaction of the conditions referred to in paragraph 2.2.3 of this Part VII to which the Scheme is subject, the New Breedon Shares to which Scheme Shareholders are entitled under the Scheme (as the case may be) will:

- (a) to the extent the entitlement arises as a result of a holding of Breedon Shares in certificated form at the Scheme Record Time, be delivered in certificated form in the name of the relevant Scheme Shareholder with the relevant share certificate expected to be despatched by post, at the relevant Scheme Shareholder's risk, as soon as practicable but in any event by no later than 10 Business Days after the Transfer Time; and
- (b) to the extent the entitlement arises as a result of a holding of Breedon Shares in uncertificated form at the Scheme Record Time, be credited to the appropriate CREST accounts (under the same participant and account ID that applied to the Breedon Shares), with corresponding entitlements to New Breedon Shares, with effect from 8:00 a.m. on the Scheme Effective Date.

Notwithstanding anything above or any other provision of this Prospectus or any other document relating to the New Breedon Shares, New Breedon reserves the right to deliver any New Breedon Shares in respect of Breedon Shares which are currently held in CREST in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrars in connection with CREST. This right may also be exercised if the correct details in respect of bona fide market claims (such as the CREST member account ID and CREST participation ID details) are not provided as requested on any application form relating to the New Breedon Shares.

Breedon Shareholders who are CREST-sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this Prospectus.

## **7. Dividend policy**

New Breedon's dividend policy is set out in paragraph 9 of Part V. The Scheme will not affect the declaration of future dividends and the New Breedon Shares will rank equally for dividends after Admission. Breedon Shareholders' present dividend instructions will be continued in relation to New Breedon after the Scheme becomes effective unless and until they amend or revoke such instructions.

The Registrars will provide a dividend reinvestment plan ("**DRIP**"), which will provide New Breedon Shareholders in the UK, Isle of Man and the Channel Islands with the opportunity to reinvest their dividend payments to purchase additional ordinary shares in New Breedon. The DRIP will operate on the same terms to the dividend reinvestment plan currently provided by Breedon's registrars. Should a New Breedon Shareholder elect to join the DRIP, the Registrars will use any cash dividend payment to which such New Breedon Shareholder is entitled to acquire further ordinary shares in New Breedon on its behalf as soon as practicable after the dividend payment date. New Breedon Shareholders who had previously elected to join the DRIP operated by Breedon's registrars will automatically be enrolled in the New Breedon DRIP. The key features of the DRIP are as follows:

- (a) On the relevant dividend payment date or as soon as reasonably practicable thereafter, the Registrars will instruct a broker to use a New Breedon Shareholder's cash dividend to buy shares in the market at the prevailing market price. The share price and therefore the number of shares will not be known when New Breedon Shareholders join the DRIP.
- (b) Any cash dividend remaining which is insufficient to purchase a whole share will be carried forward without interest and added to future dividends for reinvestment under the terms of the DRIP.
- (c) Applications to join the DRIP must be received by the Registrars by no later than 5.30 p.m. (UK time) on the date falling 15 Business Days prior to the next dividend payment date (the "**Cut-off Time**") unless otherwise specified by the Company.
- (d) New Breedon Shareholders may cancel their participation in the DRIP at any time by sending the Registrars a written notice of withdrawal by post or via the Registrar's secure web portal. Any such withdrawal must reach the Registrars before the Cut-off Time if the DRIP is not to apply to that dividend.
- (e) The Registrars may, at their discretion, and upon application in writing, permit a registered New Breedon Shareholder to reinvest the cash dividend payment on a lesser number of shares than the full holding where such a shareholder is acting on behalf of two or more beneficial owners. The remaining cash dividend will automatically be paid on the shares which are not included in the DRIP. These elections will apply only to one dividend and a new application must be given for

each dividend.

- (f) The operation of the DRIP is subject always to the discretion of the Registrars. In the event that the DRIP cannot be applied to a dividend, a cash dividend will be paid instead. The DRIP may be suspended or terminated at any time if it becomes necessary to do so.
- (g) New Breedon Shareholders may access the terms and conditions of the DRIP by contacting the Registrars in writing at Link Market Services Limited, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by calling 0113 467 4000.

## **8. Directors' and other interests**

On the Scheme Effective Date, the boards of Breedon and New Breedon will be the same.

The Executive Directors were appointed executive directors of New Breedon on 17 March 2023. The Executive Directors entered into new service agreements with New Breedon on 10 May 2023 (which will take effect from Admission).

Similarly, each of the Non-Executive Directors entered into new letters of appointment with New Breedon on 26 April 2023 (which will take effect from Admission).

The new service agreements and letters of appointment have been entered into so that the terms on which the Executive Directors and Non-Executive Directors are employed or engaged reflect the revised structure of the Group, the admission of the entire issued and to be issued ordinary share capital of New Breedon to the Official List and to trading on the Main Market and any revised duties once the Scheme becomes effective and Admission occurs.

Details of Executive Directors' service agreements and the terms of the Non-Executive Directors' and Non-Executive Chair's letters of appointment are set out in paragraph 10 of Part XII of this Prospectus.

The interests of the Breedon Board in the existing share capital of Breedon as at the Latest Practicable Date and in New Breedon immediately after the Scheme becomes effective and Admission occurs are set out in paragraph 9 of Part XII of this Prospectus.

New Breedon will have the same management team as Breedon.

### *Breedon PSPs*

#### *Unvested awards*

Under the terms of the Breedon PSPs, the Remuneration Committee has agreed with New Breedon that awards that have not vested prior to the date that the Jersey Court sanctions the Scheme, shall not vest on the Jersey Court sanction date and shall be automatically exchanged for equivalent awards to acquire New Breedon Shares on the same vesting terms and performance conditions as currently apply to the existing awards.

### *Breedon UK SAYE Plans and Breedon Irish SAYE Plans*

#### *Vested options*

Participants of the Breedon UK SAYE Plans and the Breedon Irish SAYE Plans whose three or five year savings contracts have matured and who therefore hold vested options may exercise their vested options at any time until they lapse or participants otherwise agree to exchange the options (as detailed below). Breedon Shares held by such participants at the Scheme Record Time will be subject to the Scheme.

#### *Unvested options*

Under the terms of the Breedon UK SAYE Plans and the Breedon Irish SAYE Plans, if the Jersey Court sanctions the Scheme before the end of a participant's savings period (relating to the three or five year savings contract), that unvested option shall variously become exercisable from either (i) the date on which the Jersey Court sanctions the Scheme (in the case of the Breedon Irish SAYE Plans) or (ii) New Breedon obtains control of Breedon and any conditions subject to which the Scheme is made have been met (in the case of the Breedon UK SAYE Plans) (the "**Exercise Trigger Date**") and those options shall remain exercisable for up to six months from the Exercise Trigger Date (unless they otherwise lapse or participants otherwise agree to exchange the options, as detailed below).

Participants may instead be offered the opportunity to exercise their options prior to the Exercise Trigger Date (conditional on the occurrence of the relevant Exercise Trigger Date), as any Breedon Shares acquired following the exercise of such options (but prior to the Scheme Record Time) will then be subject

to the Scheme (again, unless the options otherwise lapse or participants otherwise agree to exchange the options, as detailed below).

#### *Exchange of options*

Alternatively, participants of the Breedon UK SAYE Plans and the Breedon Irish SAYE Plans may agree with New Breedon that their options shall be exchanged for equivalent options to acquire New Breedon Shares on the same vesting terms as currently apply to their existing options. Any such agreement must be made within six months from the relevant Exercise Trigger Date.

Although option holders cannot be compelled to agree to this exchange, it is expected that all employees who were granted options under the Breedon UK SAYE Plans with (i) five year savings periods, but which were granted less than three years ago; or (ii) three year savings periods, are likely to agree in order to preserve the tax-advantages attaching to their options. Employees who were granted options under the Breedon UK SAYE Plans with five year savings periods and which were granted more than three years ago or options under the Breedon Irish SAYE Plans may decide to agree to the exchange in order to extend their savings periods.

### **9. Overseas Shareholders**

The implications of the Scheme and Admission for, and the distribution of this Prospectus to, Overseas Shareholders may be affected by the laws of relevant jurisdictions. Overseas Shareholders should therefore inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this Prospectus comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Scheme and Admission, the distribution of this Prospectus, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed, the allotment and issue of New Breedon Shares following the Scheme becoming effective and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Shareholder, New Breedon is advised that the allotment and issue of New Breedon Shares would or might infringe the laws of any jurisdiction outside Jersey or the United Kingdom, or would or might require New Breedon to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New Breedon, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that New Breedon may determine either: (a) that the Scheme Shareholder's entitlement to New Breedon Shares pursuant to the Scheme shall be issued to such Scheme Shareholder and then sold on their behalf as soon as reasonably practicable at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the Scheme Shareholder; or (b) that the Scheme Shareholder's entitlement to New Breedon Shares shall be issued to a nominee for such Scheme Shareholder appointed by New Breedon and then sold, with the net proceeds being remitted to the Scheme Shareholder concerned. Any remittance of the net proceeds of sale referred to in this paragraph shall be at the risk of the relevant holder.

This Prospectus has been prepared for the purposes of complying with English law and the information disclosed in it may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.

This Prospectus does not constitute an invitation or offer to sell, or the solicitation of an invitation or offer to buy, any security, nor shall there be any sale, issuance, subscription, purchase, exchange or transfer of the securities referred to in this Prospectus in any jurisdiction in contravention of applicable law.

The New Breedon Shares to be issued to Scheme Shareholders in connection with the Scheme will not be, and are not required to be, registered with the SEC under the U.S. Securities Act, in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Breedon Shares issued pursuant to the Scheme, New Breedon will advise the Jersey Court that it will rely on the Section 3(a)(10) exemption based on the Jersey Court's sanctioning of the Scheme, which New Breedon will rely upon as an approval of the Scheme following a hearing on its fairness to Scheme Shareholders. New Breedon has given notice to all Scheme Shareholders of such hearing, and all such Scheme Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme. Scheme Shareholders who will be affiliates of New Breedon after the Effective Date will be subject to certain U.S. transfer restrictions relating to the New Breedon Shares received pursuant to the Scheme.

## 10. **Taxation**

A general guide to certain aspects of current UK tax law and HMRC published practice as at the date of this Prospectus which applies only to certain New Breedon Shareholders resident for tax purposes solely in the UK (save where express reference is made to non-UK resident persons) is set out in paragraph 16 of Part XII of this Prospectus. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding New Breedon Shares. The summary does not constitute legal or tax advice. Prospective investors in New Breedon Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of New Breedon Shares.

## PART VIII. SELECTED FINANCIAL INFORMATION

The tables below set out the Group's selected financial information for the periods indicated, as reported in accordance with IFRS. The audited consolidated financial information for the Group as of and for each of the financial years ended 31 December 2020, 2021 and 2022 has been extracted without material adjustment from the audited consolidated financial statements of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, respectively. The audited consolidated financial statements of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, have been incorporated into this Prospectus by reference as set out in Part XIII (Documents Incorporated by Reference) of this Prospectus.

New Breedon was incorporated on 17 March 2023 and has no historical operations. It has one wholly-owned subsidiary, Midco, incorporated on 3 April 2023 which also has no historical operations. Unless otherwise indicated, the financial information presented below has been extracted or derived from the audited consolidated historical financial information of Breedon which, on Admission, will be a wholly-owned subsidiary of New Breedon.

### Consolidated Income Statement

|                                                 | Year ended 31 December |         |         |
|-------------------------------------------------|------------------------|---------|---------|
|                                                 | 2020                   | 2021    | 2022    |
|                                                 | <i>(audited)</i>       |         |         |
|                                                 | <i>(£m)</i>            |         |         |
| <b>Revenue</b>                                  | 928.7                  | 1,232.5 | 1,396.3 |
| Cost of sales                                   | (630.8)                | (804.1) | (910.1) |
| <b>Gross profit</b>                             | 297.9                  | 428.4   | 486.2   |
| Distribution expenses                           | (158.1)                | (210.6) | (231.0) |
| Administrative expenses                         | (79.9)                 | (93.3)  | (110.7) |
| <b>Group operating profit</b>                   | 59.9                   | 124.5   | 144.5   |
| Share of profit of associate and joint ventures | 1.7                    | 2.9     | 3.5     |
| <b>Profit from operations</b>                   | 61.6                   | 127.4   | 148.0   |
| Financial income                                | -                      | -       | 0.2     |
| Financial expense                               | (13.5)                 | (13.1)  | (12.4)  |
| <b>Profit before taxation</b>                   | 48.1                   | 114.3   | 135.8   |
| Tax at effective rate                           | (8.5)                  | (18.4)  | (22.1)  |
| Changes in deferred tax rate                    | (5.9)                  | (17.3)  | (1.1)   |
| <b>Taxation</b>                                 | (14.4)                 | (35.7)  | (23.2)  |
| <b>Profit for the year</b>                      | 33.7                   | 78.6    | 112.6   |
| <b>Attributable to:</b>                         |                        |         |         |
| Breedon Group shareholders                      | 33.6                   | 78.5    | 112.5   |
| Non-controlling interests                       | 0.1                    | 0.1     | 0.1     |
| <b>Profit for the year</b>                      | 33.7                   | 78.6    | 112.6   |

## Consolidated Statement of Comprehensive Income

|                                                                                   | Year ended 31 December |        |       |
|-----------------------------------------------------------------------------------|------------------------|--------|-------|
|                                                                                   | 2020                   | 2021   | 2022  |
|                                                                                   | <i>(audited)</i>       |        |       |
|                                                                                   | <i>(£m)</i>            |        |       |
| <b>Profit for the year</b>                                                        | 33.7                   | 78.6   | 112.6 |
| <b>Other comprehensive income</b>                                                 |                        |        |       |
| <i>Items which may be reclassified subsequently to profit and loss:</i>           |                        |        |       |
| Foreign exchange differences on translation of foreign operations, net of hedging | 11.6                   | (14.7) | 10.2  |
| Effective portion of changes in fair value of cash flow hedges                    | 1.7                    | 1.2    | (1.3) |
| Taxation on items taken directly to other comprehensive income                    | (0.2)                  | (0.2)  | 0.2   |
| <b>Other comprehensive (expense)/income for the year</b>                          | 13.1                   | (13.7) | 9.1   |
| <b>Total comprehensive income for the year</b>                                    | 46.8                   | 64.9   | 121.7 |
| <b>Total comprehensive income for the year is attributable to:</b>                |                        |        |       |
| Breedon Group shareholders                                                        | 46.7                   | 64.8   | 121.6 |
| Non-controlling interests                                                         | 0.1                    | 0.1    | 0.1   |
|                                                                                   | 46.8                   | 64.9   | 121.7 |

## Consolidated Statement of Financial Position

|                                                                  | As at 31 December       |                |                |
|------------------------------------------------------------------|-------------------------|----------------|----------------|
|                                                                  | 2020                    | 2021           | 2022           |
|                                                                  | (audited)               |                |                |
|                                                                  | (£m)                    |                |                |
|                                                                  | (restated) <sup>1</sup> |                |                |
| <b>ASSETS</b>                                                    |                         |                |                |
| <b>Non-current assets</b>                                        |                         |                |                |
| Property, plant and equipment                                    | 737.1                   | 749.9          | 787.9          |
| Right-of-use assets                                              | 75.1                    | 49.6           | 47.1           |
| Intangible assets                                                | 512.6                   | 501.5          | 518.2          |
| Investment in associate and joint ventures                       | 11.2                    | 12.2           | 13.7           |
| Trade and other receivables                                      | 3.2                     | 4.5            | 3.8            |
| <b>Total non-current assets</b>                                  | <b>1,339.2</b>          | <b>1,317.7</b> | <b>1,370.7</b> |
| <b>Current assets</b>                                            |                         |                |                |
| Inventories                                                      | 59.4                    | 62.0           | 94.8           |
| Trade and other receivables                                      | 189.7                   | 205.9          | 218.6          |
| Current tax receivable                                           | 0.9                     | -              | -              |
| Cash and cash equivalents                                        | 31.7                    | 83.9           | 101.7          |
| <b>Total current assets</b>                                      | <b>281.7</b>            | <b>351.8</b>   | <b>415.1</b>   |
| <b>TOTAL ASSETS</b>                                              | <b>1,620.9</b>          | <b>1,669.5</b> | <b>1,785.8</b> |
| <b>LIABILITIES</b>                                               |                         |                |                |
| <b>Current liabilities</b>                                       |                         |                |                |
| Interest-bearing loans and borrowings                            | (64.7)                  | (7.2)          | (7.9)          |
| Trade and other payables                                         | (245.5)                 | (257.7)        | (263.8)        |
| Current tax payable                                              | -                       | (4.7)          | (3.8)          |
| Provisions                                                       | (5.0)                   | (9.5)          | (9.2)          |
| <b>Total current liabilities</b>                                 | <b>(315.2)</b>          | <b>(279.1)</b> | <b>(284.7)</b> |
| <b>Non-current liabilities</b>                                   |                         |                |                |
| Interest-bearing loans and borrowings                            | (285.3)                 | (289.2)        | (291.5)        |
| Provisions                                                       | (60.3)                  | (63.9)         | (76.8)         |
| Deferred tax liabilities                                         | (71.7)                  | (87.5)         | (89.0)         |
| <b>Total non-current liabilities</b>                             | <b>(417.3)</b>          | <b>(440.6)</b> | <b>(457.3)</b> |
| <b>TOTAL LIABILITIES</b>                                         | <b>(732.5)</b>          | <b>(719.7)</b> | <b>(742.0)</b> |
| <b>NET ASSETS</b>                                                | <b>888.4</b>            | <b>949.8</b>   | <b>1,043.8</b> |
| <b>EQUITY</b>                                                    |                         |                |                |
| <b>Equity attributable to Breedon Group shareholders</b>         |                         |                |                |
| Stated capital                                                   | 551.6                   | 553.0          | 555.0          |
| Hedging reserve                                                  | 0.2                     | 1.2            | 0.1            |
| Translation reserve                                              | 4.9                     | (9.8)          | 0.4            |
| Retained earnings                                                | 331.6                   | 405.2          | 488.0          |
| <b>Total equity attributable to equity holders of the parent</b> | <b>888.3</b>            | <b>949.6</b>   | <b>1,043.5</b> |
| <b>Non-controlling interests</b>                                 | <b>0.1</b>              | <b>0.2</b>     | <b>0.3</b>     |
| <b>TOTAL EQUITY</b>                                              | <b>888.4</b>            | <b>949.8</b>   | <b>1,043.8</b> |

Note:

1. Restated for finalisation of provisional fair values of the assets and liabilities recognised in respect of the Cemex acquisition in 2020, following a review during the IFRS 3 hindsight period and classification of trade and other receivables.

## Consolidated Statement of Cash Flows

|                                                                              | Year ended 31 December |               |                |
|------------------------------------------------------------------------------|------------------------|---------------|----------------|
|                                                                              | 2020                   | 2021          | 2022           |
|                                                                              | (audited)<br>(£m)      |               |                |
| <b>Cash flows from operating activities</b>                                  |                        |               |                |
| Profit for the year                                                          | 33.7                   | 78.6          | 112.6          |
| <b>Adjustments for:</b>                                                      |                        |               |                |
| Depreciation and mineral depletion                                           | 74.4                   | 83.3          | 83.5           |
| Amortisation                                                                 | 3.6                    | 3.6           | 4.8            |
| Financial income                                                             | -                      | -             | (0.2)          |
| Financial expense                                                            | 13.5                   | 13.1          | 12.4           |
| Share of profit of associate and joint ventures                              | (1.7)                  | (2.9)         | (3.5)          |
| Net (gain)/loss on sale of property, plant and equipment                     | 4.6                    | -             | 2.4            |
| Gain on stepped acquisition                                                  | -                      | -             | (0.3)          |
| Share-based payments                                                         | 1.0                    | 2.9           | 1.2            |
| Taxation                                                                     | 14.4                   | 35.7          | 23.2           |
| <b>Operating cash flows before changes in working capital and provisions</b> | <b>143.5</b>           | <b>214.3</b>  | <b>236.1</b>   |
| (Increase) in trade and other receivables                                    | (26.4)                 | (17.6)        | (0.2)          |
| (Increase)/decrease in inventories                                           | 10.4                   | (3.5)         | (31.7)         |
| Increase in trade and other payables                                         | 64.6                   | (17.2)        | (9.1)          |
| Increase in provisions                                                       | 7.4                    | 6.7           | 7.7            |
| <b>Cash generated from operating activities</b>                              | <b>199.5</b>           | <b>217.1</b>  | <b>202.8</b>   |
| Interest paid                                                                | (7.7)                  | (6.8)         | (6.7)          |
| Interest element of lease payments                                           | (2.6)                  | (2.6)         | (2.5)          |
| Interest received                                                            | -                      | -             | 0.2            |
| Dividend paid to non-controlling interests                                   | (0.1)                  | -             | 0.2            |
| Income taxes paid                                                            | (20.7)                 | (13.6)        | (25.8)         |
| <b>Net cash from operating activities</b>                                    | <b>168.4</b>           | <b>194.1</b>  | <b>168.0</b>   |
| <b>Cash flows from investing activities</b>                                  |                        |               |                |
| Acquisition of businesses                                                    | (151.7)                | (6.1)         | (12.6)         |
| Divestment of businesses                                                     | 9.0                    | -             | -              |
| Dividends from associate and joint ventures                                  | 1.3                    | 1.9           | 1.7            |
| Purchase of property, plant and equipment                                    | (38.1)                 | (76.9)        | (106.8)        |
| Proceeds from sale of property, plant and equipment                          | 1.7                    | 5.6           | 4.8            |
| <b>Net cash used in investing activities</b>                                 | <b>(177.8)</b>         | <b>(75.5)</b> | <b>(112.9)</b> |
| <b>Cash flows (used in) / from financing activities</b>                      |                        |               |                |
| Dividends paid                                                               | -                      | (8.4)         | (30.5)         |
| Proceeds from the issue of shares (net of costs)                             | 1.6                    | 1.4           | 2.0            |
| Proceeds from new interest-bearing loans (net of costs)                      | 79.5                   | 513.9         | -              |
| Repayment of interest-bearing loans                                          | (53.4)                 | (563.1)       | -              |
| Revolving Credit Facility extension costs                                    | -                      | -             | (0.7)          |
| Repayment of lease obligations                                               | (10.8)                 | (9.7)         | (8.8)          |
| <b>Net cash (used in)/from financing activities</b>                          | <b>16.9</b>            | <b>(65.9)</b> | <b>(38.0)</b>  |
| <b>Net increase in cash equivalents</b>                                      | <b>7.5</b>             | <b>52.7</b>   | <b>17.1</b>    |
| Cash and cash equivalents at 1 January                                       | 23.8                   | 31.7          | 83.9           |
| Foreign exchange differences                                                 | 0.4                    | (0.5)         | 0.7            |
| <b>Cash and cash equivalents at 31 December</b>                              | <b>31.7</b>            | <b>83.9</b>   | <b>101.7</b>   |

## Consolidated Statement of Changes in Equity

|                                                                       | Stated<br>capital | Hedging<br>reserve | Translation<br>reserve | Retained<br>earnings | Attributable<br>to equity<br>holders of<br>parent | Non-<br>controlling<br>interests | Total<br>equity |
|-----------------------------------------------------------------------|-------------------|--------------------|------------------------|----------------------|---------------------------------------------------|----------------------------------|-----------------|
|                                                                       | <b>(audited)</b>  |                    |                        |                      |                                                   |                                  |                 |
|                                                                       | <b>(£m)</b>       |                    |                        |                      |                                                   |                                  |                 |
| <b>Balance at 1 January 2020</b>                                      | 550.0             | (1.3)              | (6.7)                  | 297.0                | <b>839.0</b>                                      | 0.1                              | <b>839.1</b>    |
| Shares issued                                                         | 1.6               | -                  | -                      | -                    | <b>1.6</b>                                        | -                                | <b>1.6</b>      |
| Dividend to non-controlling interests                                 | -                 | -                  | -                      | -                    | -                                                 | (0.1)                            | <b>(0.1)</b>    |
| Total comprehensive income for the year                               | -                 | 1.5                | 11.6                   | 33.6                 | <b>46.7</b>                                       | 0.1                              | <b>46.8</b>     |
| Share-based payments (inclusive of deferred tax recognised in equity) | -                 | -                  | -                      | 1.0                  | <b>1.0</b>                                        | -                                | <b>1.0</b>      |
| <b>Balance at 31 December 2020</b>                                    | <b>551.6</b>      | <b>0.2</b>         | <b>4.9</b>             | <b>331.6</b>         | <b>888.3</b>                                      | <b>0.1</b>                       | <b>888.4</b>    |
| Shares issued                                                         | 1.4               | -                  | -                      | -                    | <b>1.4</b>                                        | -                                | <b>1.4</b>      |
| Dividends paid                                                        | -                 | -                  | -                      | (8.4)                | <b>(8.4)</b>                                      | -                                | <b>(8.4)</b>    |
| Total comprehensive income for the year                               | -                 | 1.0                | (14.7)                 | 78.5                 | <b>64.8</b>                                       | 0.1                              | <b>64.9</b>     |
| Share-based payments (inclusive of deferred tax recognised in equity) | -                 | -                  | -                      | 3.5                  | <b>3.5</b>                                        | -                                | <b>3.5</b>      |
| <b>Balance at 31 December 2021</b>                                    | <b>553.0</b>      | <b>1.2</b>         | <b>(9.8)</b>           | <b>405.2</b>         | <b>949.6</b>                                      | <b>0.2</b>                       | <b>949.8</b>    |
| Shares issued                                                         | 2.0               | -                  | -                      | -                    | <b>2.0</b>                                        | -                                | <b>2.0</b>      |
| Dividends paid                                                        | -                 | -                  | -                      | (30.5)               | <b>(30.5)</b>                                     | -                                | <b>(30.5)</b>   |
| Total comprehensive income for the year                               | -                 | (1.1)              | 10.2                   | 112.5                | <b>121.6</b>                                      | 0.1                              | <b>121.7</b>    |
| Share-based payments (inclusive of deferred tax recognised in equity) | -                 | -                  | -                      | 0.8                  | <b>0.8</b>                                        | -                                | <b>0.8</b>      |
| <b>Balance at 31 December 2022</b>                                    | <b>555.0</b>      | <b>0.1</b>         | <b>0.4</b>             | <b>488.0</b>         | <b>1,043.5</b>                                    | <b>0.3</b>                       | <b>1,043.8</b>  |

## PART IX. OPERATING AND FINANCIAL REVIEW

Some of the information referred to below or incorporated by reference into this Prospectus includes forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, including under Part I (*Risk Factors*).

New Breedon was incorporated on 17 March 2023 and has no historical operations. It has one wholly-owned subsidiary, Midco, incorporated on 3 April 2023 which also has no historical operations. Unless otherwise indicated, the financial information presented below has been extracted or derived from the audited consolidated historical financial information of Breedon which, on Admission, will be a wholly-owned subsidiary of New Breedon.

### 1. Information Incorporated by Reference

The discussion of the Group's operating and financial review included in the sections of the 2022 Annual Report, the 2021 Annual Report and the 2020 Annual Report referred to below are incorporated by reference into this Prospectus.

### 2. Cross-Reference List

The following list is intended to enable Shareholders to identify easily the items of information which have been incorporated by reference into this Prospectus, for the purpose of providing a review of the Group's operating and financial performance for each of the financial years ended 31 December 2022, 2021 and 2020.

#### 2022 Annual Report

The following pages of the 2022 Annual Report have been incorporated by reference:

- Strategic Report, Chairman's Statement (pages 8-9)
- Strategic Report, Chief Executive Officer's Review and Strategy (pages 22-29)
- Strategic Report, Operating Reviews (pages 30-35)
- Strategic Report, Our Key Performance Indicators (pages 36-37)
- Strategic Report, Chief Financial Officer's Review (pages 38-43)
- Remuneration Report, Remuneration Policy (pages 120 to 121)

#### 2021 Annual Report

The following pages of the 2021 Annual Report have been incorporated by reference:

- Strategic Report, Chairman's Statement (pages 4-5)
- Strategic Report, Chief Executive Officer's Review (pages 8-11)
- Strategic Report, Our Key Performance Indicators (pages 26-27)
- Strategic Report, Business Review (pages 28-33)
- Strategic Report, Chief Financial Officer's Review (pages 34-38)

#### 2020 Annual Report

The following pages of the 2020 Annual Report have been incorporated by reference:

- Strategic Report, Statement from the Chair (pages 6-7)
- Strategic Report, Group Chief Executive's Review (pages 8-10)
- Strategic Report, Our Key Performance Indicators (pages 18-19)
- Strategic Report, Group Finance Director's Review (pages 24-28)
- Strategic Report, Business Reviews (pages 29-38)

### 3. Financing Arrangements

For a summary of the Group's financing arrangements, see section 17 of Part XII (*Additional Information*).

## PART X. CAPITALISATION AND INDEBTEDNESS

The tables below set out Breedon's total capitalisation and indebtedness as at 31 March 2023. The capitalisation and indebtedness information as at 31 March 2023 is unaudited and has been extracted without material adjustment from Breedon's internal accounting records.

### Statement of capitalisation

The table below sets out Breedon's total capitalisation as at 31 March 2023.

|                                                                               | As at<br>31 March 2023<br>£m |
|-------------------------------------------------------------------------------|------------------------------|
| <b>Total current debt (including current portion of non-current debt)</b>     |                              |
| Guaranteed                                                                    | -                            |
| Secured                                                                       | (7.8)                        |
| Unguaranteed/unsecured                                                        | -                            |
| <b>Total current debt</b>                                                     | <b>(7.8)</b>                 |
| <b>Total non-current debt (excluding current portion of non-current debt)</b> |                              |
| Guaranteed                                                                    | (252.8)                      |
| Secured                                                                       | (39.8)                       |
| Unguaranteed/unsecured                                                        | -                            |
| <b>Total non-current debt</b>                                                 | <b>(292.6)</b>               |
| <b>Total indebtedness</b>                                                     | <b>(300.4)</b>               |
| <b>Shareholder equity</b>                                                     |                              |
| Stated capital                                                                | 555.0                        |
| Legal reserve                                                                 | -                            |
| Other reserves                                                                | 1.9                          |
| <b>Total</b>                                                                  | <b>556.9</b>                 |

Notes:

1. The secured debt consists solely of IFRS lease liabilities. These are secured on the assets to which the lease relates (typically leased properties).
2. Other reserves includes Hedge and Translation reserves.

## Statement of indebtedness

The table below sets out Breedon's total net financial indebtedness as at 31 March 2023.

|                                                                                                                  | As at<br>31 March 2023<br>£m |
|------------------------------------------------------------------------------------------------------------------|------------------------------|
| Cash                                                                                                             | 68.7                         |
| Cash equivalents                                                                                                 | -                            |
| Other current financial assets                                                                                   | -                            |
| <b>Liquidity</b>                                                                                                 | <b>68.7</b>                  |
| Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) | -                            |
| Current portion of non-current financial debt                                                                    | (7.8)                        |
| <b>Current financial indebtedness</b>                                                                            | <b>(7.8)</b>                 |
| <b>Net current financial indebtedness</b>                                                                        | <b>60.9</b>                  |
| Non-current financial debt (excluding current portion and debt instruments)                                      | (39.8)                       |
| Debt instruments                                                                                                 | (252.8)                      |
| Non-current trade and other payables                                                                             | -                            |
| <b>Non-current financial indebtedness</b>                                                                        | <b>(292.6)</b>               |
| <b>Total financial indebtedness</b>                                                                              | <b>(231.7)</b>               |

There has been no material change in the Group's capitalisation and financial indebtedness since 31 March 2023.

## **PART XI. HISTORICAL FINANCIAL INFORMATION**

The consolidated financial statements of the Group as at and for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as set out in the 2020 Annual Report, 2021 Annual Report and 2022 Annual Report, respectively, are incorporated by reference into this Prospectus, as explained in Part XIII (*Documents Incorporated by Reference*) of this Prospectus.

The consolidated financial statements contained in the 2020 Annual Report, 2021 Annual Report and 2022 Annual Report were audited by KPMG and the audit report for each such financial year was unqualified and unmodified.

## PART XII. ADDITIONAL INFORMATION

### 1. RESPONSIBILITY STATEMENT

The Company and the Directors, whose names appear on section 1 of Part VI (*Directors and Corporate Governance*) of this Prospectus accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

### 2. THE COMPANY

#### 2.1 Information on New Breedon

New Breedon was incorporated in England and Wales under the name "Breedon Group plc" on 17 March 2023 under the Companies Act as a public limited company with registered number 14739556.

The registered office of New Breedon is at Pinnacle House, Breedon on the Hill, Derby DE73 8AP and the telephone number is +44 (0) 1332 694000.

The Companies Act comprises the principal legislation under which New Breedon operates and under which the New Breedon Shares will be issued. New Breedon operates in conformity with its constitution and with the Companies Act.

### 3. SHARE CAPITAL OF THE COMPANY

#### 3.1 Share Capital

On 17 March 2023, New Breedon was incorporated with 14,286 Subscription Shares each having a nominal value of £3.50. The Subscription Shares were paid up in full and issued to Breedon in consideration for an undertaking to pay the amount of £55,000 ("**Subscription Amount**").

The Subscription Shares were issued for the purpose of satisfying minimum share capital requirements for public companies pursuant to the Companies Act. The Subscription Shares will not be admitted to listing or trading and will not have any voting rights following Admission. The Directors intend that following the Scheme becoming effective, the Subscription Shares will be cancelled by way of the Capital Reduction.

The issued share capital of New Breedon as at the date of publication of this Prospectus is as follows:

| <b>Issued Share Capital</b>       | <b>Number</b> |
|-----------------------------------|---------------|
| New Breedon Shares of £1.40 each  | nil           |
| Subscription Shares of £3.50 each | 14,286        |

Pursuant to the Scheme, New Breedon will acquire all Breedon Shares in consideration for issuing one New Breedon Share to every Scheme Shareholder in consideration for every five Breedon Shares held (provided that any fraction of a New Breedon Share shall be disregarded). The maximum issued and fully paid share capital of New Breedon immediately following the Scheme becoming effective and on Admission is expected to be as follows:

| <b>Issued Share Capital</b>       | <b>Number<sup>11</sup></b> |
|-----------------------------------|----------------------------|
| New Breedon Shares of £1.40 each  | 338,905,147                |
| Subscription Shares of £3.50 each | 14,286                     |

Immediately following Admission, it is expected that the percentage of New Breedon Shares held in public hands (within the meaning of paragraphs 6.14.1 to 6.14.3 of the Listing Rules) will be the same as the percentage of Breedon Shares held in public hands before the Scheme Effective Date.

#### 3.2 Capital Reduction

After the Effective Date, it is expected that New Breedon will undertake a capital reduction sanctioned by the UK Court. Pursuant to the Capital Reduction, the nominal value of New Breedon Shares will be

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<sup>11</sup> This is the maximum number of New Breedon Shares which will be in issue on Admission, assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Shareholders do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

reduced from £1.40 to £0.01 and all the Subscription Shares will be cancelled. Thereafter, the maximum issued share capital of New Breedon is expected to be as follows:

| <b>Issued Share Capital</b>       | <b>Number<sup>12</sup></b> |
|-----------------------------------|----------------------------|
| New Breedon Shares of £0.01 each  | 338,905,147                |
| Subscription Shares of £3.50 each | nil                        |

### 3.3 **Authorities**

On 26 April 2023, directly after the Scheme General Meeting, Breedon, the sole shareholder in New Breedon, passed certain resolutions in order to, among other matters, authorise New Breedon to carry out the actions required of it in relation to the Proposals, to replicate, as near as is practicable, certain customary authorities granted to Breedon at the Annual General Meeting and to adopt other authorities appropriate for a company incorporated in England admitted to listing on the premium listing segment of the Official List and to trading on the Main Market, including:

- 3.3.1 authorising the Directors (in accordance with section 551 of the Companies Act) to exercise all the powers of the Company to allot up to a maximum of 343,997,647 ordinary shares in connection with (i) the Scheme and/or (ii) the acquisition of any Breedon Shares by New Breedon (or its nominee) pursuant to the New Breedon Articles, provided that such authority shall expire at 6.00 p.m. on 31 December 2023;
- 3.3.2 subject to and conditional upon the Scheme becoming Effective, and in addition to the authority granted in paragraph 3.3.1 above, authorising the Directors for the purposes of section 551 of the Companies Act to allot ordinary shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company
  - (a) up to a maximum of 112,961,901 ordinary shares;
  - (b) comprising equity securities (as defined in section 560(1) of the Companies Act) up to a maximum of 112,961,901 ordinary shares in connection with an offer by way of a fully pre-emptive offer to:
    - (i) ordinary shareholders in proportion (as near as may be practicable) to their existing holdings; and
    - (ii) holders of other equity securities as required by the rights attaching to those securities, or subject to those rights, as the Directors otherwise consider necessary; and
  - (c) 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 in, or under the laws of, any territory or any other matter,

such authorities to expire (unless previously renewed varied or revoked) at the conclusion of the Company's annual general meeting in 2024 or, if earlier, at 6.00 p.m. on 26 July 2024 but, in each case, so that the Company may make offers and enter into agreements before that expiry which would, or might, require shares to be allotted or rights to be granted after that expiry and the Directors may allot shares or grant rights pursuant to any of those offers or agreements as if the authority had not expired;
- 3.3.3 subject to and conditional upon the Scheme becoming Effective, authorising the Directors to allot equity securities (as defined in section 560(1) of the Companies Act for cash pursuant to the general authority granted by the resolution in paragraph 3.3.2 above and/or sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Companies Act did not apply to that allotment. This power is limited to:
  - (a) the allotment of equity securities or sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under the resolution in paragraph 3.3.2(b) above, by way of a fully pre-emptive offer only) to:

<sup>12</sup> This is the maximum number of New Breedon Shares which will be in issue on Admission, assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Shareholders do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

- (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) holders of other equity securities as required by the rights of those securities or, subject to rights as the Directors otherwise consider necessary,  
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 in, or under the laws of, any territory or any other matter;
- (b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph (a) above) up to a maximum of 33,888,570 ordinary shares; and
- (c) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) or (b) above) up to a nominal amount equal to 20 per cent. of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in November 2022,

such authorities to expire (unless previously renewed, varied or revoked) at the conclusion of the Company's annual general meeting in 2024 or, if earlier, at 6.00 p.m. on 26 July 2024 but so that the Company may make offers and enter into agreements before that expiry which would, or might, require equity securities to be allotted after that expiry and the Directors may allot equity securities pursuant to any of those offers or agreements as if such authorities had not expired;

3.3.4 subject to and conditional upon the Scheme becoming Effective, authorising the Directors, in addition to the authority granted under paragraph 2.3.4 to allot equity securities (as defined in section 560(1) of the Companies Act) for cash under the authority given by the resolution in paragraph 3.3.3 above and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 did not apply to any such allotment or sale, provided that such power be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a maximum of 33,888,570 ordinary shares, used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in November 2022; and
- (b) limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount equal to 20 per cent. of any allotment of equity securities or sale of treasury shares from time to time under paragraph (a) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in November 2022,

such authorities to expire (unless (unless previously renewed, varied or revoked) at the conclusion of the Company's annual general meeting in 2024 or, if earlier, at 6.00 p.m. on 26 July 2024 but so that the Company may make offers and enter into agreements before that expiry which would, or might, require equity securities to be allotted after that expiry and the Directors may allot equity securities pursuant to any of those offers or agreements as if such authorities had not expired;

3.3.5 subject to and conditional upon the Scheme becoming Effective, authorising the Directors for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Companies Act) of ordinary shares in the capital of the Company on such terms and in such manner as the Directors may determine, provided that:

- (a) the maximum number of ordinary shares which may be purchased is 33,888,570;
- (b) the minimum price (exclusive of expenses) which may be paid for each share is its nominal value;

- (c) the maximum price (exclusive of expenses) which may be paid for a share shall not be more than the higher of: (i) an amount equal to 105 per cent. of the average middle market quotations for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five Business Days immediately preceding the day on which the ordinary share is purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;
  - (d) this authority shall expire (unless previously renewed, varied or revoked) at the conclusion of the Company's annual general meeting in 2024 or, if earlier, at 6.00 p.m. on 26 July 2024; and
  - (e) the Company may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract,
- 3.3.6 subject to and conditional upon (i) the Scheme becoming Effective, (ii) the New Breedon Shares required to be allotted by the Company pursuant to the Scheme having been allotted and issued and registered in the names of the persons entitled to such shares in the Company's register, (iii) Admission occurring, and (iv) the approval of the UK Court of the Capital Reduction, reducing the nominal value of the New Breedon Shares from £1.40 to £0.01 and cancelling the Subscription Shares;
- 3.3.7 the approval of the calling of general meetings of the Company other than annual general meetings on not less than 14 clear days' notice; and
- 3.3.8 in accordance with section 366 of the Companies Act, during the period beginning on the date of the passing of the resolution and ending at the conclusion of the Company's annual general meeting in 2024 or, if earlier, at 6.00 p.m. on 26 July 2024, authorising the company and any company which at any time during the period for which this resolution has effect, is or becomes a subsidiary of the Company to:
- (a) make political donations to political parties, political organisations other than political parties and/or independent election candidates (such expressions having the meanings set out in Part 14 of the Companies Act) not exceeding £100,000;
  - (b) make political donations to political organisations other than political parties not exceeding £100,000; and
  - (c) incur political expenditure not exceeding £100,000,
- provided that the aggregate amount of such political donations and political expenditure shall not exceed £100,000.

In addition, the Directors of New Breedon have approved (i) the appointment of KPMG LLP as the auditors of New Breedon until the conclusion of New Breedon's first accounts meeting; and (ii) the rules of the New Breedon Share Plans, the principal terms of which are described in paragraph 13 of Part XII of this Prospectus.

### 3.4 Share Capital Confirmations

As at the Latest Practicable Date, and save as otherwise disclosed in this Prospectus:

- (a) the Subscription Shares of the Company are fully paid and no share or loan capital is proposed to be issued partly paid, either for cash or for a consideration other than cash;
- (b) the Company held no treasury shares;
- (c) there are no outstanding convertible debt securities, exchangeable debt securities, debt securities with warrants, or any warrants outstanding over the share capital of the Company;
- (d) there are no shares not representing capital in the Company; and
- (e) save as disclosed in paragraph 9 of this Part XII, no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

Subject to the Companies Act, any equity shares issued by the Company for cash must first be offered to

existing shareholders in proportion to their holdings of New Breedon Shares. Both the Companies Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the shareholders, either generally or specifically, for a maximum period not exceeding five years.

#### 4. INTERESTS OF MAJOR SHAREHOLDERS

The Company is, at the date of this Prospectus, a wholly-owned direct subsidiary of Breedon.

As at the Latest Practicable Date and at the date of Admission and insofar as it is known to the Company, the following Breedon Shareholders and New Breedon Shareholder are and will be (as applicable) directly or indirectly interested in 3 per cent. (being the threshold for notification of voting rights pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules) or more of the voting rights of Breedon and New Breedon:

| Name of Shareholder                  | Number of Breedon Shares as at the Latest Practicable Date | Percentage of total voting rights of Breedon Shareholders as at the Latest Practicable Date | Number of New Breedon Shares as at the date of Admission | Percentage of total voting rights of New Breedon Shareholders as at the date of Admission <sup>13</sup> |
|--------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Abicad Holding Limited <sup>14</sup> | 211,774,471                                                | 12.50%                                                                                      | 42,354,894                                               | 12.50%                                                                                                  |
| Lansdowne Partners                   | 167,590,677                                                | 9.89%                                                                                       | 33,518,135                                               | 9.89%                                                                                                   |
| Blackrock Investment Management      | 82,372,731                                                 | 4.86%                                                                                       | 16,474,546                                               | 4.86%                                                                                                   |
| MFS Investment Management            | 77,661,414                                                 | 4.58%                                                                                       | 15,532,282                                               | 4.58%                                                                                                   |
| Man GLG                              | 76,083,634                                                 | 4.49%                                                                                       | 15,216,726                                               | 4.49%                                                                                                   |
| Columbia Threadneedle Investments    | 72,271,156                                                 | 4.27%                                                                                       | 14,454,231                                               | 4.27%                                                                                                   |
| Baillie Gifford & Co                 | 68,772,538                                                 | 4.06%                                                                                       | 13,754,507                                               | 4.06%                                                                                                   |
| Aviva Investors                      | 57,898,692                                                 | 3.42%                                                                                       | 11,579,738                                               | 3.42%                                                                                                   |
| Soros Fund Management                | 55,935,293                                                 | 3.30%                                                                                       | 11,187,058                                               | 3.30%                                                                                                   |
| Polar Capital                        | 51,514,809                                                 | 3.04%                                                                                       | 10,302,961                                               | 3.04%                                                                                                   |

On Admission, none of the Company's Shareholders will have different voting rights from other Shareholders. The voting rights of the Shareholders are the same in respect of each New Breedon Share held.

Save as disclosed in above, the Company is not aware of any person who will, immediately following Admission, hold 3 per cent. or more of the voting rights in the Company as a shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules. The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

#### 5. ARTICLES OF ASSOCIATION

The following description of certain provisions of the New Breedon Articles does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the New Breedon Articles. The New Breedon Articles are available for inspection at the address specified in paragraph 22 of this Part XII.

##### *Subscription Share Rights*

The voting rights of the Subscription Shares are as set out in paragraph 5.1. Subject to and with effect from Admission, the Subscription Shares shall not entitle the holders thereof to vote at any general meeting. The holders of Subscription Shares shall be entitled to participate pro rata in all dividends as may be lawfully declared from time to time. The holders of Subscription Shares shall be entitled to participate pro rata on a return of capital on liquidation, dissolution or winding-up of the Company. The Subscription Shares are not redeemable and all rank pari passu with each other. The Subscription Shares will be cancelled by way of

<sup>13</sup> On the basis that the maximum number of New Breedon Shares which will be in issue on Admission will be 338,905,147 assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Shareholders do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation, and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

<sup>14</sup> Amit Bhatia had previously been appointed as Abicad Holding Limited's representative director on the Breedon Board pursuant to a relationship agreement dated 17 November 2015, however this relationship agreement has been terminated in accordance with its terms.

the Capital Reduction shortly following Admission.

### *New Breedon Articles*

The New Breedon Articles contain provisions, inter alia, to the following effect:

#### **5.1 Voting Rights**

Subject to any terms as to voting upon which any shares may be issued or may for the time being be held, the total number of votes a member present in person or (being a corporation) who is present by a duly authorised representative or a proxy for a member has on a show of hands shall be determined in accordance with the Companies Act. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each share of which he is the holder, proxy or representative. If a member or his duly appointed representative or proxy present at a general meeting votes on a poll, he does not need to use all his votes or cast all the votes in the same way.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 5.8 below), resulting in a disenfranchisement notice. Such disenfranchisement will apply until the Company has withdrawn the disenfranchisement notice, or until the disenfranchisement notice is deemed to have been withdrawn (seven days after receipt by the Company of the information required to comply with the 793 notice) whichever is the earlier.

#### **5.2 General meetings**

The Company must hold an annual general meeting in accordance with the Companies Act in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state:

- (1) whether the meeting is an annual general meeting or general meeting;
- (2) the day, time and place of the meeting;
- (3) whether the meeting is a physical meeting or a hybrid meeting;
- (4) where the meeting is a hybrid meeting, details of the facilities for attendance and participation by electronic means at the meeting;
- (5) the general nature of the business to be transacted;
- (6) any intention to propose a resolution as a special resolution; and
- (7) that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member.

All members who are entitled to receive notice under the New Breedon Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy or corporate representative.

Each Director can attend and speak at any general meeting.

#### **5.3 Dividends**

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and priorities, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Companies Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the

amounts paid or credited as paid up (other than in advance of calls) on the shares. Any dividend unclaimed after a period of 6 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of New Breedon Shares the right to elect to receive additional New Breedon Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. in nominal value of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 5.8 below.

#### 5.4 Return of capital

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended) or the rights of any other class of Shares, divide among the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

#### 5.5 Transfer of shares

The New Breedon Shares are in registered form.

The New Breedon Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as "**Participating Securities**". Subject to such of the restrictions in the New Breedon Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in any usual form or in any other form which the Board may approve. Transfers of Participating Securities will be in accordance with and subject to the Uncertificated Securities Regulations 2001 (as amended).

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may also, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid, provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer unless:

- in the case of a Certificated Share, the instrument of transfer (duly stamped if required or duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty) is lodged at the registered office of the Company or at such other place as the Board may appoint, accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- in the case of a transfer to joint holders, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended from time to time) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. in nominal value of the issued shares of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 5.8 below), resulting in a disenfranchisement notice, unless the shareholder is not, and proves that no other person is, in default as regards supplying the required information. Such refusal may continue until the Company withdraws the disenfranchisement notice, or it is deemed to have been withdrawn, but the Board shall not decline to register:

- a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular

class;

- a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded; or
- a transfer which is shown to the satisfaction of the Board to be in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share.

## 5.6 Variation of rights

Subject to the Companies Act and to the rights of any existing class of shares from time to time, the rights attached to any class of share may be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy or by corporate representative at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by them. Except as set out above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the New Breedon Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

## 5.7 Share capital and changes in capital

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are to be redeemed or that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board.

Subject to the provisions of the New Breedon Articles and the Companies Act and without prejudice to the rights attaching to any existing shares or class of shares, the Board may offer, allot (with or without a right of renunciation), issue, grant options over, reclassify or otherwise deal with or dispose of shares to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The relevant resolution may determine that, as between the holders of shares resulting from a sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

## 5.8 Disclosure of interests in shares

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 14 days to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "**disenfranchisement notice**"). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The New Breedon Articles do not restrict in any way the provisions of section 793 of the Companies Act.

## 5.9 Non-UK shareholders

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such

notices shall be served.

#### **5.10 Untraced shareholders**

Subject to various notice requirements, the Company may sell any of a shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares, the Company has received no indication of the whereabouts of the such shareholder, it has taken reasonable steps to trace the shareholder and it has sent a notice of its intention to sell the shares to the shareholder's registered address or last known address.

#### **5.11 Borrowing powers**

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

These borrowing powers may be varied by an alteration to the New Breedon Articles which would require a special resolution of the shareholders.

#### **5.12 Directors**

Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such Directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which such Director has, directly or indirectly, an interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) which is material, or a duty which conflicts or may conflict with the interests of the Company, unless such Director's interest or duty arises only because one of the following circumstances applies:

- the resolution relates to the giving to the Director or any other person of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by the Director or by any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- the Director's interest arises by virtue of the Director being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
- the resolution relates to the giving to the Director of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- the resolution relates to the funding by the Company of the Director's expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements;
- the resolution relates to any proposal concerning any other company in which the Director is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever provided that the Director does not hold an interest in shares (as that term is used in Part 22 of the Companies Act) representing 1 per cent. or more of either any class of the equity share capital of such company or of the voting rights available to members of such company;

- the resolution relates to any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award the Director any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- the resolution relates to any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any of the Directors or for persons who include Directors provided that, for the purposes of this Article, "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.

A Director shall not be counted in the quorum at a meeting in relation to any resolution on which such Director is debarred from voting.

The Directors shall be paid such remuneration (by way of fee) for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors (excluding any remuneration of a Director under or in connection with an executive service contract) shall not exceed £2,000,000 per annum. The Directors shall also be entitled to be repaid by the Company all travelling, hotel and other expenses of attending board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of any directors who held (but no longer hold) executive office or employment with the Company or any of its subsidiary undertakings or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire and are eligible for re-election annually. Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than 15 in number.

### **5.13 Redemption**

The New Breedon Shares are not redeemable.

### **5.14 Electronic communication**

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

#### *Subscription Share Rights*

The voting rights of the Subscription Shares are as set out in paragraph 5.1. Subject to and with effect from Admission, the Subscription Shares shall not entitle the holders thereof to vote at any general meeting. The holders of Subscription Shares shall be entitled to participate pro rata in all dividends as may be lawfully declared from time to time. The holders of Subscription Shares shall be entitled to participate pro rata on a return of capital on liquidation, dissolution or winding-up of the Company. The Subscription Shares are not redeemable and all rank pari passu with each other. The Subscription Shares will be cancelled by way of the Capital Reduction shortly following Admission.

## 6. **FRUSTRATING ACTION, MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE NEW BREEDON SHARES**

### 6.1 ***Frustrating Action***

Rule 21.1. of the Takeover Code prohibits any frustrating actions taken by the Board during the course of an offer period, or when an offer is in contemplation, without the consent of New Breedon Shareholders (except in certain limited circumstances set out in the Takeover Code).

### 6.2 ***Mandatory bids***

The Takeover Code applies to New Breedon. Under Rule 9 of the Takeover Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code is normally required to make an offer to all of the remaining shareholders to acquire the shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's redemption or purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, concert parties with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are concert parties solely by reason of a proposed redemption or purchase by a company of its own shares, or the decision to seek shareholders' authority for any such redemption or purchase.

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a redemption or purchase of their own shares by the company would take place. Note 2 generally will not be relevant unless the relevant person knows that a redemption or purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

The Takeover Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent. or more but do not hold shares carrying more than 50 per cent. of the voting rights of a company, or may become interested in 30 per cent. or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Takeover Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent. or more, or may be increased to 30 per cent. or more on full implementation of the proposed purchase by a company of its own shares.

"Interests in shares" is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of ordinary shares will be treated as interested in those ordinary shares. A person who only has a short position in ordinary shares will not be treated as interested in those ordinary shares.

“Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are then exercisable at a general meeting. Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the Takeover Code to be acting in concert with each other unless the contrary is established.

### 6.3 **Compulsory acquisition rules**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to New Breedon, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 7. **DIRECTORS**

The Executive Directors and Non-Executive Directors of New Breedon and their functions are as follows:

| <b>Name</b>      | <b>Position</b>                                                                                                     |
|------------------|---------------------------------------------------------------------------------------------------------------------|
| Amit Bhatia      | Non-Executive Chair                                                                                                 |
| Rob Wood         | Chief Executive Officer                                                                                             |
| James Brotherton | Chief Financial Officer                                                                                             |
| Clive Watson     | Senior Independent Non-Executive Director, Chair of the Audit & Risk Committee                                      |
| Carol Hui        | Non-Executive Director, designated NED for sustainability, and Chair of the Sustainability Committee                |
| Pauline Lafferty | Non-Executive Director, Chair of the Remuneration Committee and designated NED responsible for workforce engagement |
| Helen Miles      | Non-Executive Director                                                                                              |

Brief biographical details of the Executive Directors and the Non-Executive Directors are set out in Part VI of this Prospectus. The business address of each of the Directors is Pinnacle House, Breedon on the Hill, Derby, DE73 8AP.

## 8. **INFORMATION ON THE DIRECTORS**

- (a) Details of the names of companies and partnerships (excluding directorships of the Company or of its current or past subsidiaries) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus are below.

| <b>Name</b> | <b>Current directorships and partnerships</b>                                                                                                                                   | <b>Past directorships and partnerships</b>                                          |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Amit Bhatia | Queens Park Rangers Football & Athletic Club Limited, Chair<br>Aybe Capital Advisers Limited<br>Summix Capital Limited<br>Brimary Investments Sarl<br>Swordfish Investments LLP | Global Relief Initiative<br>Swordfish Capital Management LLP<br>Aybe Propco Limited |

| Name             | Current directorships and partnerships        | Past directorships and partnerships              |
|------------------|-----------------------------------------------|--------------------------------------------------|
| Rob Wood         | Summix Capital Limited                        | Mineral Products Association Limited             |
|                  | QPR Holdings Limited                          |                                                  |
|                  | Boost Capital Partner Limited                 |                                                  |
|                  | The Organic Collection Limited                |                                                  |
|                  | Aybe Group Limited                            |                                                  |
| James Brotherton | H.M.Dale (Farmers) Limited                    | BEAR Scotland Limited                            |
|                  | Capital Concrete Limited                      | Safe Harbour Holdings                            |
|                  | The Quoted Companies Alliance                 | Tyman Financial Services Limited                 |
|                  | Capital Concrete Limited                      | Schlegel Acquisition Holdings Limited            |
|                  |                                               | Jasper Acquisition Holdings Limited              |
| Carol Hui        |                                               | Tyman PLC                                        |
|                  |                                               | Jasper Acquisition Limited                       |
|                  |                                               | Amesbury Holdings Limited                        |
|                  |                                               | Tyman Management Limited                         |
|                  |                                               | Otterburn Limited                                |
|                  |                                               | Tyman Equities Limited                           |
|                  |                                               | Lupus Capital Limited                            |
|                  |                                               | Octroi Investments Limited                       |
|                  |                                               | Tyman Investments (private unlimited company),   |
|                  |                                               | Tyman Financial Services Limited                 |
|                  |                                               | Octroi Group Limited                             |
|                  |                                               | Tyman plc                                        |
|                  |                                               | Jasper Acquisition Limited                       |
|                  |                                               | Amesbury Holdings Limited                        |
|                  |                                               | Tyman Management Limited                         |
|                  |                                               | Otterburn Limited                                |
|                  |                                               | Tyman Equities Limited                           |
|                  |                                               | Lupus Capital Limited                            |
|                  |                                               | Octroi Investments Limited                       |
|                  |                                               | Tyman Investments                                |
| Pauline Lafferty | The British Tourist Authority                 | Heathrow Airport Holdings Limited                |
|                  | Grainger plc                                  | Robert Walters plc                               |
|                  | Christian Aid                                 | Heathrow Airport Limited                         |
|                  | Royal Household, Lord Chamberlain's Committee | LHR Airports Limited                             |
|                  | Triumph Properties Limited                    | Heathrow Airport Holdings Limited                |
| Helen Miles      | East Glory Investments Limited                | Amey UK Limited                                  |
|                  |                                               | Amey Limited                                     |
|                  |                                               | Heathrow Community Trust                         |
|                  | XP Power Limited                              | Isalos Limited                                   |
|                  | Scottish Event Campus Limited                 | Playlist for Life Limited                        |
| Helen Miles      |                                               | Centurion Group Ltd                              |
|                  | Severn Trent plc                              | Severn Trent Green Power Limited                 |
|                  | Severn Trent Water Limited                    | Severn Trent Green Power Holdings Limited        |
|                  | Etwall Land Limited                           | Severn Trent Green Power Group Limited           |
|                  | Midlands Land Portfolio Limited               | Severn Trent Green Power Composting Limited      |
|                  |                                               | Severn Trent Green Power (Ardley) Limited        |
|                  |                                               | Severn Trent Green Power (Hertfordshire) Limited |
|                  |                                               | Severn Trent Green Power (CW) Limited            |
|                  |                                               | Severn Trent Green Power Biogas Limited          |
|                  |                                               | Severn Trent Green Power (Wallingford) Limited   |
|                  |                                               | Severn Trent Green Power (West London)           |

| Name         | Current directorships and partnerships                | Past directorships and partnerships                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              |                                                       | Limited<br>Severn Trent Green Power (Cassington) Limited<br>Severn Trent Green Power (RBWM) Limited<br>Severn Trent Green Power (Bridgend) Limited<br>Severn Trent Wind Power Limited<br>Severn Trent Green Power (North London) Limited<br>Hafren Dyfrdwy Cyfyngedig<br>Particle Measuring Systems Limited<br>Spirax-Sarco Engineering plc<br>Spectris plc<br>Spectris Group Holdings Limited<br>Burnfield Limited<br>Spectris UK Holdings Limited<br>Servomex Group Limited<br>Spectris US Holdings Limited<br>Omega Engineering Limited<br>Agemont Limited<br>Briel & Kjaer Sound & Vibration Measurement A/S<br>Briel & Kjaer Vibro A/S<br>Engineering Seismology Group Canada Inc.<br>ESG USA Inc.<br>Soundwave Holdings PTY Ltd<br>Spectris Canada Inc.<br>Spectris Denmark ApS<br>Spectris Holdings Inc.<br>Spectris Inc. |
| Clive Watson | DiscoverIE Group plc<br>Kier Group plc<br>Trifast plc |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

(b) Save as disclosed in paragraph 6(c) below, none of the Directors:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company which has been the subject of any receivership or liquidation, or has been put into administration, at any time within the previous five years; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

(c) James Brotherton was a director of Safe Harbour Holdings plc ("**SHH**") between 12 June 2019 and 2 September 2020. On 31 July 2020, shareholders of SHH voted to liquidate SHH. In September 2020, administrators were appointed. All outstanding creditors of SHH were paid in full as part of this process with any remaining funds being distributed to shareholders of SHH. SHH was dissolved by the Jersey Financial Services Commission on 29 December 2021.

(d) None of the Directors has any family relationship with another one of the Directors.

## 9. DIRECTORS' INTERESTS

- (a) Details of options and awards over Breedon Shares granted pursuant to the Breedon Share Plans which are held by the Directors as at the date of this Prospectus (and which: (i) in respect options and/or awards granted under the Breedon PSPs, will be exchanged for equivalent options and/or awards to acquire New Breedon Shares; and (ii) in respect of options granted under the

Breedon UK SAYE Plans, may, with the consent of the relevant individual and New Breedon, be exchanged for equivalent options to acquire New Breedon Shares, in each case following the Scheme Effective Date) are as follows:

*Performance Share Plan (Breedon PSPs)*

| Director         | Year of award | Number of Breedon Shares under option | Relevant incentive plan | Normal vesting date for option |
|------------------|---------------|---------------------------------------|-------------------------|--------------------------------|
| Rob Wood         | 2020          | 657,051                               | Breedon PSPs            | August 2023                    |
| Rob Wood         | 2021          | 859,063                               | Breedon PSPs            | April 2024                     |
| Rob Wood         | 2022          | 1,147,388                             | Breedon PSPs            | April 2025                     |
| Rob Wood         | 2023          | 1,357,764                             | Breedon PSPs            | April 2026                     |
| James Brotherton | 2021          | 498,007                               | Breedon PSPs            | April 2024                     |
| James Brotherton | 2022          | 776,119                               | Breedon PSPs            | April 2025                     |
| James Brotherton | 2023          | 918,422                               | Breedon PSPs            | April 2026                     |

*Save as you Earn (Breedon UK SAYE Plans)*

| Director         | Breedon Shares under option | Option date  | Maturity date | Term (months) |
|------------------|-----------------------------|--------------|---------------|---------------|
| Rob Wood         | 54,545                      | 1 April 2019 | 1 May 2024    | 60            |
| James Brotherton | 42,134                      | 1 April 2021 | 1 May 2026    | 60            |

- (b) In addition to the options referred to in paragraph 9(a) above, the interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the share capital of the Company are as follows:

| Director                  | Number of Breedon Shares before Scheme Effective Date <sup>15</sup> | Percentage of issued Breedon Shares before the Scheme Effective Date | Number of New Breedon Shares on Admission | Percentage of issued New Breedon Shares on Admission <sup>16</sup> |
|---------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------|
| Amit Bhatia <sup>17</sup> | 500,000                                                             | 0.00030                                                              | 100,000                                   | 0.00030                                                            |
| Rob Wood                  | 1,353,633                                                           | 0.00080                                                              | 270,726                                   | 0.00080                                                            |
| Clive Watson              | 154,875                                                             | 0.00009                                                              | 30,975                                    | 0.00009                                                            |
| James Brotherton          | 75,000                                                              | 0.00004                                                              | 15,000                                    | 0.00004                                                            |
| Carol Hui                 | 20,000                                                              | 0.00001                                                              | 4,000                                     | 0.00001                                                            |
| Pauline Lafferty          | Nil                                                                 | Nil                                                                  | Nil                                       | Nil                                                                |
| Helen Miles               | Nil                                                                 | Nil                                                                  | Nil                                       | Nil                                                                |

- (c) Save as disclosed in paragraphs 9(a) and (b) above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiary undertakings.
- (d) Save as referred to in paragraph 2.2.2 of Part VI of this Prospectus, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

## 10. DIRECTORS' SERVICE AGREEMENTS

### 10.1 Executive Directors

- (a) The Executive Directors, Rob Wood and James Brotherton, entered into new service agreements with New Breedon on 10 May 2023 (the "**Service Agreements**" and "**Service Agreement**" shall be construed accordingly) in order that their arrangements reflect the revised structure of the Group as it will be following Admission and the fact that New Breedon will have its entire issued and to be issued ordinary share capital admitted to listing on the premium listing segment of the

<sup>15</sup> Inclusive of any family members and trusts.

<sup>16</sup> On the basis that the maximum number of New Breedon Shares which will be in issue on Admission will be 338,905,147 assuming: (i) up to 97,218 Breedon Shares are issued prior to the Scheme Record Time pursuant to the exercise of options by Breedon Irish SAYE Plan participants, (ii) no other Breedon Shares are issued, whether pursuant to the exercise of options or otherwise, prior to the Scheme Record Time, and (iii) the Directors do not acquire or dispose of any of the Breedon Shares before the Scheme Effective Date. This amount also reflects (i) the 5:1 share consolidation and (ii) any fractional shares to be disregarded, in each case in accordance with the Scheme.

<sup>17</sup> Inclusive of any family members and trusts but exclusive of any holdings by Abicad Holding Limited.

Official List and to trading on the Main Market (as opposed to AIM). However, the terms of the Service Agreements will, otherwise, remain substantially the same as those in place with Breedon which will terminate on Admission.

New Breedon has entered into deeds of indemnity with each of the Executive Directors in respect of all losses and liabilities which they may sustain in the execution of their duties as a director of New Breedon or of any Group company, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. New Breedon may also provide an Executive Director with funds to meet their expenditure in defending any civil or criminal proceedings brought or threatened against them in relation to the Group or to meet expenditure incurred in connection with proceedings brought by a regulatory authority in connection with their duties as an officer of New Breedon.

- (b) The Service Agreements are conditional upon the Scheme becoming effective and Admission occurring and, subject to this, the terms of each Service Agreement shall take effect from Admission.

- (c) Particulars of the Service Agreements are set out below:

| Director         | Notice period (employer) | Notice period (employee) |
|------------------|--------------------------|--------------------------|
| Rob Wood         | 12 months                | 12 months                |
| James Brotherton | 12 months                | 12 months                |

- (d) The Service Agreements provide that the Executive Directors may be put on garden leave by New Breedon during the relevant Executive Director's notice period. During any such period the relevant Executive Director would remain an employee and subject to the terms of their Service Agreement. Where either party has served notice to terminate, New Breedon may elect to terminate the relevant Executive Director's employment immediately by making a payment in lieu of notice equivalent to the relevant Executive Director's base salary for the notice period (or remainder of such period) less such deductions as required by law. Each of the service agreements with the Executive Directors contain the following post-termination restrictions: (i) a 12-month restriction on soliciting employees of New Breedon or any Group Company, (ii) a 12-month non-compete restriction and (iii) a 12-month restriction on soliciting customers of New Breedon or any Group Company. The Service Agreements can be terminated on 12 months' notice.
- (e) There are no provisions in the Service Agreements for contractual benefits (e.g. any enhanced redundancy payments and/or any "exit" bonus) to be payable to the Executive Directors in the event of termination of their respective Service Agreements.
- (f) Save as set out in paragraph 10.1(a) above, on Admission there will be no existing or proposed service agreements between the Executive Directors and any member of the Group.

## 10.2 Non-Executive Directors

- (a) The Non-Executive Directors, Amit Bhatia, Carol Hui, Pauline Lafferty, Helen Miles, and Clive Watson entered into new letters of appointment with New Breedon on 26 April 2023 (the "**Letters of Appointment**") in order that their arrangements reflect the revised structure of the Group as it will be following Admission and the fact that New Breedon will have its entire issued and to be issued ordinary share capital admitted to listing on the premium listing segment of the Official List and to trading on the Main Market (as opposed to AIM). However, the terms of the Letters of Appointment will, otherwise, remain substantially the same as those in place with Breedon which will terminate on Admission.

New Breedon has entered into deeds of indemnity with each of the Non-Executive Directors in respect of all losses and liabilities which they may sustain in the execution of their duties as a director of New Breedon or of any Group company, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. New Breedon may also provide a Non-Executive Director with funds to meet their expenditure in defending any civil or criminal proceedings brought or threatened against them in relation to the Group or to meet expenditure incurred in connection with proceedings brought by a regulatory authority in connection with their duties as an officer of New Breedon.

- (b) The terms of the Letters of Appointment are conditional upon the Scheme becoming effective and

Admission occurring and, subject to this, the terms of each Letter of Appointment shall take effect from Admission.

- 10.3 Save as set out in paragraph 10.2(a) above, on Admission there will be no existing or proposed letters of appointment between the Non-Executive Directors and any member of the Group.

## 11. SUMMARY OF REMUNERATION AND BENEFITS

- (a) A summary of the amount of remuneration paid to the Breedon Directors (including any contingent or deferred compensation) and benefits in kind for the financial year ended 31 December 2022 is set out in the table below.

|                                        | Salary/<br>fees | Bonus   | Benefits<br>( <sup>1</sup> ) | Performance<br>Share Plan<br>awards vesting | Total     |
|----------------------------------------|-----------------|---------|------------------------------|---------------------------------------------|-----------|
|                                        | £               | £       | £                            |                                             | £         |
| <b>Chair</b>                           |                 |         |                              |                                             |           |
| Amit Bhatia                            | 175,000         |         |                              |                                             | 175,000   |
| <b>Executive Breedon Directors</b>     |                 |         |                              |                                             |           |
| Rob Wood                               | 605,000         | 752,000 | 21,000                       | 374,000                                     | 1,752,000 |
| James Brotherton                       | 412,000         | 509,000 | 21,000                       |                                             | 942,000   |
| <b>Non-Executive Breedon Directors</b> |                 |         |                              |                                             |           |
| Carol Hui                              | 61,000          |         |                              |                                             | 61,000    |
| Pauline Lafferty                       | 67,000          |         |                              |                                             | 67,000    |
| Helen Miles                            | 52,000          |         |                              |                                             | 52,000    |
| Clive Watson                           | 71,000          |         |                              |                                             | 71,000    |

(<sup>1</sup>) Benefits excluding pensions

## 12. PENSION ARRANGEMENTS

The aggregate amount set aside by Breedon to provide pension, retirement or similar benefits in relation to the Breedon Directors in the financial year ended 31 December 2022 was £44,000.

## 13. SHARE PLANS

Breedon currently operates the Breedon Share Plans.

All subsisting options and/or awards granted under the Breedon Share Plans will be dealt with as set out in paragraph 8 of Part VII of this Prospectus, meaning that:

- (a) outstanding awards granted under the Breedon PSPs shall be automatically exchanged for equivalent awards to acquire New Breedon Shares on the same vesting terms and performance conditions as currently apply to the existing awards; and
- (b) participants who hold outstanding options granted under the Breedon UK SAYE Plans and the Breedon Irish SAYE Plans may agree with New Breedon that those options shall be exchanged for equivalent options to acquire New Breedon Shares on the same vesting terms as currently apply to their existing options.

Options/awards that are exchanged (as set out above) will continue to be governed by the terms of the Breedon Share Plans (the terms of which shall be modified, where necessary, in order to reflect the fact that the new options/awards will be granted over New Breedon Shares which are to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market). No further options or awards are proposed to be granted under the Breedon Share Plans following the Scheme Effective Date.

Separately, New Breedon is proposing to adopt the New Breedon Share Plans prior to, but with effect from, Admission. The New Breedon Share Plans are broadly equivalent to the corresponding Breedon Share Plans operated by Breedon prior to Admission (as modified in order to reflect the fact that the New Breedon Share Plans will relate to New Breedon and New Breedon Shares and to reflect certain additional rules detailed below).

The principal provisions of the Breedon Share Plans, which will apply to all options/awards that are exchanged (as set out above), and the New Breedon Share Plans, which will apply to all options/awards granted by New Breedon under those plans on or following Admission, are set out below.

Following the exchange of options/awards, references to "Breedon" and "Breedon Shares" in the Breedon Share Plans (summarised below) will be read as references to "New Breedon" and "New Breedon Shares".

### 13.1 Provisions applicable to all the Breedon Share Plans

#### (a) Scheme Limits

The number of Breedon Shares over which awards may be granted under the Breedon Share Plans on any date of grant is limited so that the total number of Breedon Shares issued or capable of being issued in any 10-year period under those Breedon Share Plans (and any other share plan adopted or operated by Breedon) is restricted to 10 per cent. of Breedon's issued ordinary shares calculated at the relevant time.

For the purposes of the above limits, Breedon Shares held in treasury count as newly issued Breedon Shares for so long as it is required by UK investor share incentive scheme guidelines.

As stated above, no further options or awards are proposed to be granted under the Breedon Share Plans following the Scheme Effective Date.

#### (b) Amendments

The Breedon Board (or relevant sub-committee) may at any time amend any Breedon Share Plan provided that:

- no materially disadvantageous amendment may be made to awards already granted without the consent of the award holders;
- no amendment may be made to any key feature of the Breedon UK SAYE Plans if, as a result, the plan would no longer meet the requirements of Schedule 3 of ITEPA;
- prior approval of the Irish Revenue Commissioners is required for any amendment to the rules of the Breedon Irish SAYE Plan (approved form); and
- no amendment may be made without the prior approval of Breedon in a general meeting if, variously (depending on the relevant Breedon Share Plan), it would make the terms on which the awards may be granted materially more generous or increase any of the limits specified in the plan or expand the class of potential option or award holders or change the rights of option or award holders in the event of a variation of share capital (in each case) to the benefit of option or award holders unless, in respect of the Breedon PSPs and the Breedon UK SAYE Plans, they are minor amendments to benefit the administration of the plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option or award holders, Breedon or a member of the Group.

### 13.2 Breedon PSPs

References to the "Breedon PSPs" in this section include references to both the 2011 PSP and 2021 PSP, unless otherwise stated.

#### (a) Operation

The Remuneration Committee supervises the operation of the Breedon PSPs.

#### (b) Eligibility

Any employee (including an executive director) of Breedon and its subsidiaries is eligible to participate in the Breedon PSPs at the discretion of the Remuneration Committee.

#### (c) Grant of awards

The Remuneration Committee may grant awards to acquire Breedon Shares within six weeks beginning with: (i) the date on which the Breedon PSPs were most recently adopted by the Breedon Board; (ii) the dealing day after Breedon's announcement of its results for any period; or (iii) in the case of the 2021 PSP, the dealing day after the lifting of restrictions on dealing in Breedon Shares that prevented grant of awards under (i) or (ii). The Remuneration Committee may also grant awards at any other time when it considers there are sufficiently exceptional circumstances which justify the granting of awards.

An award may not be granted more than ten years after the date on which shareholders most recently approved the Breedon PSPs.

The Remuneration Committee may grant an award in the form of: (i) an option, where a participant can decide when to exercise their award over Breedon Shares during a limited period of time after it has vested; or (ii) a conditional award, where a participant will automatically receive Breedon Shares on the vesting of their award.

The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

As stated above, no further options or awards are proposed to be granted under the Breedon PSPs following the Scheme Effective Date.

(d) Individual Limit

An employee may not receive awards in any financial year over Breedon Shares having a market value in excess of 250 per cent. of their annual base salary in that financial year.

(e) Performance Conditions

The vesting of an award granted to an executive director is normally subject to performance conditions set by the Remuneration Committee.

In determining the extent to which the performance conditions are met, the Remuneration Committee may in the case of the 2021 PSP adjust any formulaic outcome, if it considers that this is appropriate having regard to such factors as it considers relevant, including the performance of Breedon, any individual or business.

The Remuneration Committee may vary any performance condition applying to existing awards if an event has occurred which causes it to consider that it would be appropriate to amend the performance condition, provided that it reasonably considers the varied condition is not materially less challenging than the original condition would have been but for the event in question.

(f) Vesting of Awards

Awards normally vest three years after grant (although the Remuneration Committee may have set shorter or longer vesting periods prior to grant) to the extent that any applicable performance condition (see above) has been satisfied and provided the participant is still employed in the Group.

Awards granted as options are normally exercisable up until the tenth anniversary of grant unless they lapse earlier.

(g) Holding period

The terms of the 2021 PSP additionally allow for the application of a holding period during which a participant is ordinarily required to retain their net of tax number of vested shares (if any) delivered under the 2021 PSP (or the full number of the vested shares whilst held under an unexercised option, where relevant) for a specified period from the date an award vests.

(h) Leaving employment

Unvested awards: As a general rule, unvested awards lapse upon a participant ceasing to hold employment or ceasing to be a director within the Group.

However, if a participant ceases to be an employee or a director within the Group because of their death, ill-health, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their award will vest on the date when it would have vested if they had not ceased such employment or office (unless the Remuneration Committee determines that the award should vest immediately on the participant ceasing employment or office), subject to:

- the extent to which any performance condition has been satisfied on the relevant date; and
- the pro-rating of the award to reflect the period of time between its grant and the date of cessation of employment (unless determined otherwise by the Remuneration Committee).

If an option vests as a result of one of the 'good leaver' reasons specified above, it will normally be exercisable for a period of 12 months from the date of vesting.

Vested awards: Under the terms of the 2011 PSP, where an individual holds a vested award

and they cease employment: (i) as a result of one of the 'good leaver' reasons specified above and their award is an option, it shall continue to be exercisable for 12 months from the date of cessation of employment; or (ii) other than as a result of one of the 'good leaver' reasons specified above, their award will lapse immediately on cessation of employment.

Under the terms of the 2021 PSP, where an individual holds a vested award and they cease employment and their award is an option, it shall continue to be exercisable for 12 months from the date of employment regardless of the reason for cessation of employment, unless the reason for such cessation is the individual's misconduct in which case the award will lapse.

Additionally, under the terms of the 2021 PSP, where a participant ceases employment and their award or resulting vested Breedon Shares are subject to a holding period, the holding period continues to apply (unless the Remuneration Committee determines otherwise).

(i) Corporate events

In the event of a takeover or winding up of Breedon (not being an internal corporate reorganisation) all awards will normally vest early subject to: (i) the extent that any performance condition has been satisfied; and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Remuneration Committee may decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, the Remuneration Committee may determine with the consent of the acquiring company that awards will be exchanged for equivalent new awards over shares in a new holding company.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Breedon Shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover.

(j) Malus and clawback

Under the terms of the 2021 PSP, the Remuneration Committee has the power to reduce the potential vesting of unvested awards (including to zero) ('malus') or to recoup the value of previously vested awards from an individual up to 2 years from the normal vesting date if it considers it appropriate to do so ('clawback').

The Remuneration Committee may choose to exercise these powers in the following circumstances:

- a material misstatement of Breedon's financial results;
- a miscalculation or an assessment of any performance conditions that was based on an error;
- gross misconduct on behalf of an individual;
- Breedon becomes insolvent or otherwise suffers a corporate failure; and
- significant impact on the reputation and potential financial strength of Breedon.

The Remuneration Committee may enforce clawback in a number of ways, including by way of a reduction in the vesting, or size of, any other award or bonus (including future awards or bonus) and/or a requirement to make a cash payment.

(k) Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Breedon Shares) on or shortly following the transfer of Breedon Shares in satisfaction of their award of an amount based on the dividends that would have been paid on those Breedon Shares between the time when the awards were granted and the time when they vest (or, under the terms of the 2021 PSP, where the award is an option and the Remuneration Committee so determines, the expiry of any applicable holding period or the date of exercise (if earlier)). This amount may assume the reinvestment of dividends.

(l) Participants' rights

Awards do not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their Breedon Shares.

(m) Rights attaching to Breedon Shares

Any Breedon Shares allotted when an award vests or is exercised will rank equally with Breedon Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

(n) Variation of capital

In the event of any variation of Breedon's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Breedon Shares, the Remuneration Committee may make such adjustment as it considers appropriate to the number of Breedon Shares subject to an award and/or the option price (if applicable).

13.3 **New Breedon New Performance Share Plan ("New PSP")**

- (a) The New PSP will be substantially the same as the 2021 PSP as summarised in paragraphs 13.1 and 13.2 above, as modified in order to: (i) reflect the fact that the New PSP will relate to New Breedon and New Breedon Shares; and (ii) reflect the fact that the 10 per cent. scheme dilution limit in any 10-year period shall apply to options and awards granted under the Breedon Share Plans and the New Breedon Share Plans (and any other share plan adopted or operated by New Breedon). The New PSP will be established for the purpose of granting awards following Admission.

13.4 **Breedon UK SAYE Plans**

(a) Status and operation

The Breedon UK SAYE Plans are intended to meet the requirements of Schedule 3 to ITEPA and provide for the grant of tax-advantaged options. The Breedon UK SAYE Plans are administered by the Breedon Board or a sub-committee appointed to carry out any of its functions under the scheme.

(b) Eligibility

All employees and full time directors of Breedon and its participating subsidiaries who are assessable to UK income tax and have such qualifying period of continuous service (not exceeding five years prior to grant) as the Breedon Board determines, are eligible to participate in the Breedon UK SAYE Plans. Other employees and executive directors of participating subsidiaries may be invited, at the discretion of the Breedon Board.

(c) Form of options

Employees and full time directors who participate in the Breedon UK SAYE Plans entered into a contract ("**SAYE Contract**") with a savings body designated by the Directors for the purposes of the Breedon UK SAYE Plans, to make monthly contributions for three or five years by deductions from pay of not less than a specified minimum contribution nor more than the specified maximum contribution.

The minimum contribution is currently £10 per month. The maximum monthly contribution is the lower of £500 (or such other amount specified in Schedule 3 to ITEPA) and an amount determined by the Breedon Board. A bonus will be paid on completion of the SAYE Contract in certain circumstances.

At the end of the relevant SAYE Contract period, participants may exercise their options to the extent of their savings during the SAYE Contract period.

(d) Exercise price

The price at which a Breedon Share can be acquired on the exercise of an option has been determined by the Breedon Board and could not be set at less than the greater of 80 per cent. of the market value of a Breedon Share on the date that the invitation to apply for the option under the Breedon UK SAYE Plans was issued and (in the case of an option over unissued Breedon Shares) the nominal value of a Breedon Share.

(e) Grant of options

Options may only be granted:

- during the period of 42 days following (i) the day by which the exercise price is set; or (ii) a

notice of any change of terms by reference to the SAYE contract or any change to statute or regulation in connection with the scheme; or

- during the period of 40 days following (i) the second day of dealing following the preliminary announcement of the interim or final results of Breedon; or (ii) the second dealing day following issuing of listing particulars or a prospectus or document containing similar information in relation to Breedon Shares; or
- following the occurrence of an event which the Breedon Board considers to be sufficiently exceptional to justify the grant of options.

If at any time during the periods referred to above there is a restriction on granting options under the Breedon UK SAYE Plans, options may be granted during the period of 42 days beginning on the date on which such restriction is removed.

Options are not transferable, except on death. Options are not pensionable.

As stated above, no further options are proposed to be granted under the Breedon UK SAYE Plans following the Scheme Effective Date.

(f) Exercise of options

Options are normally exercisable during a period of six months following the maturity of the SAYE Contract and normally lapse upon cessation of employment. Earlier exercise is, however, permitted if the participant dies or leaves employment through injury, disability, redundancy or retirement, or where a participant leaves employment of the Group by reason of their employing company ceasing to be a member of the Group, or if the undertaking in which they are employed is sold outside the Group. Early exercise is also permitted in the event of a takeover, on court sanction of a scheme of arrangement or voluntary winding-up of Breedon.

If any company obtains control of Breedon as a result of a takeover offer or the sanctioning of a scheme of arrangement or if a company has become bound or entitled (under certain statutory provisions) to acquire all the Breedon Shares or as a result of certain overseas corporate events, an option holder may, by agreement with that other company, seek the release of his options in return for the grant of equivalent options.

(g) Satisfaction of options and participants' rights

Within 30 days of the receipt of a notice of exercise of an option, the Breedon Shares in respect of which the option has been exercised must be issued by Breedon or Breedon must procure their transfer (which for the purposes of the scheme includes the transfer of Breedon Shares out of treasury) to the option holder. Breedon Shares issued or transferred on the exercise of options will rank equally with existing Breedon Shares.

(h) Variation of capital

In the event of any variation of Breedon's share capital, the Board may make such adjustment as it considers appropriate to the number of Breedon Shares subject to an award and/or the exercise price, so that the total market value of the Breedon Shares subject to the option and the total amount payable on the exercise of the option remain substantially the same.

### 13.5 New Breedon UK Save As You Earn Scheme ("New UK SAYE")

The New UK SAYE will be substantially the same as the latest version of the Breedon UK SAYE Plan, summarised in paragraphs 13.1 and 13.4 above, as modified in order to: (i) reflect the fact that the New UK SAYE will relate to New Breedon and New Breedon Shares; (ii) bring the amendment provisions in line with rule 13.8.11 of the Listing Rules; and (iii) reflect the fact that the 10 per cent. scheme dilution limit in any 10-year period shall apply to options and awards granted under the Breedon Share Plans and the New Breedon Share Plans (and any other share plan adopted or operated by New Breedon). The New UK SAYE will be established for the purpose of granting options following Admission.

### 13.6 Breedon Irish SAYE Plan (Approved Form)

(a) Status and operation

The Breedon Irish SAYE Plan (approved form) is a tax-advantaged share option scheme intended to meet the requirements of Schedule 12A to the Taxes Consolidation Act, 1997 ("**Schedule 12A**") and provide for the grant of tax-advantage options.

If Breedon operates the Breedon Irish SAYE Plan (approved form), then all eligible Irish employees must be invited to participate. Employees who are eligible to join and to make monthly savings will be granted options to acquire Breedon Shares ("**Option Shares**") on the terms summarised below.

The Breedon Irish SAYE Plan (approved form) is administered by the Breedon Board or a sub-committee appointed to carry out any of its functions under the Plan.

(b) Eligibility

All employees and full time directors of Breedon and its participating subsidiaries who are assessable to Irish income tax and have such qualifying period of continuous service (not exceeding 12 months prior to grant) as the Breedon Board determines, are eligible to participate in the Breedon Irish SAYE Plan (approved form) ("**Approved Eligible Employee**").

(c) Issue of invitations

Breedon may during the period which is 42 days immediately following an announcement of its results for the last preceding financial year or half year ("**Approved Invitation Period**"), invite applications to participate in the Breedon Irish SAYE Plan (approved form).

As stated above, no further options are proposed to be granted under the Breedon Irish SAYE Plan (approved form) following the Scheme Effective Date.

(d) Form of options

Applications for Option Shares shall be made in such form as the Breedon Board may require and shall be accompanied by the application form for a savings contract to be entered into by the Approved Eligible Employee with a savings body designated by the Breedon Board for the purposes of the Breedon Irish SAYE Plan (approved form) ("**Approved Savings Contract**"). Such application shall specify the amount the applicant wishes to save each month under the Approved Savings Contract and shall authorise Breedon (or, if different, the applicant's employer company) to deduct such amount from their pay.

The Breedon Irish SAYE Plan (approved form) shall not impose a minimum on the amount of a person's contributions which exceeds €12 monthly (or such other amount specified in Schedule 12A). The maximum aggregate amount of a person's monthly contributions under all Approved Savings Contracts shall not exceed the lower of €500 (or such other amount specified in Schedule 12A) and an amount determined by the Breedon Board.

The Breedon Board may in its discretion determine and announce the minimum and maximum level of contributions which may be paid and/or the maximum number of Breedon shares in respect of which Option Shares may be granted in response to applications made pursuant to the invitations issued under the Breedon Irish SAYE Plan (approved form).

(e) Exercise Price

The price at which Option Shares can be acquired on the exercise of an option is determined by the Breedon Board, being not less than 75 per cent. of the market value of a Breedon Share on the dealing day immediately preceding the date of an invitation to apply for options under the Breedon Irish SAYE Plan (approved form) and the nominal value of a Breedon Share (the "**Approved Option Price**").

(f) Grant of options

Within 30 days of the dealing day by reference to which the Approved Option Price was fixed (which shall be within an Approved Invitation Period), the Breedon Board may grant to each Approved Eligible Employee who has submitted a valid application a right to acquire Option Shares, in respect of the number of Option Shares for which the application has been deemed to be made. Each application for Option Shares shall be deemed to be an option over the largest whole number of Option Shares which can be acquired at the Approved Option Price with the repayment (being the aggregate of the monthly contributions the eligible employee has agreed to make) under the Approved Savings Contract entered into in connection with the option.

Every option shall be personal to the participant to whom it is granted and shall not be transferable. Furthermore, no amount shall be paid in respect of the grant of the option to the Approved Eligible Employee.

(g) Exercise of options

Options are normally exercisable only during the period of six months following the maturity of the Approved Savings Contract.

Earlier exercise will, however, be permitted if the participant dies or leaves employment through injury, disability, redundancy, or retirement at the specified age as defined in the Breedon Irish SAYE Plan (approved form), or where a participant leaves employment of the Group by reason of their employing company ceasing to be a member of the Group, or if the undertaking in which they are employed is sold outside the Group. Early exercise will also be permitted in the event of a takeover, on court sanction of a scheme of arrangement or voluntary winding-up of Breedon.

If any company obtains control of Breedon as a result of a takeover offer or the sanctioning of a scheme of arrangement or if a company has become bound or entitled (under certain statutory provisions) to acquire Breedon Shares, a holder of Option Shares may, by agreement with that other company, release their options in return for the grant of equivalent options.

(h) Satisfaction of options and participants' rights

Within 30 days following the effective date of exercise of an option, the Breedon Shares in respect of which the option has been exercised must be issued or Breedon must procure their purchase. Breedon Shares issued or purchased on the exercise of options will rank equally with existing Breedon Shares.

(i) Variation of capital

In the event of any variation of Breedon's share capital, the Breedon Board (subject to Irish Revenue Commissioners' approval) may make such adjustment as it considers appropriate to the number of Breedon Shares subject to an option and/or the exercise price.

### 13.7 New Breedon Irish SAYE Plan (Approved Form) ("New Approved Irish SAYE")

The New Approved Irish SAYE will be substantially the same as the Breedon Irish SAYE Plan (approved form) summarised in paragraphs 13.1 and 13.6 above (as modified in order to (i) reflect the fact that the New Approved Irish SAYE will relate to New Breedon and New Breedon Shares; (ii) bring the amendment provisions in line with rule 13.8.11 of the Listing Rules; (iii) incorporate a maximum 10 year life for the New Approved Irish SAYE; and (iv) reflect the fact that the 10 per cent. scheme dilution limit in any 10-year period shall apply to options and awards granted under the Breedon Share Plans and the New Breedon Share Plans (and any other share plan adopted or operated by New Breedon). The New Approved Irish SAYE will be established for the purpose of granting options following Admission).

### 13.8 Breedon Irish SAYE Plan (Unapproved Form)

(a) Status and operation

The Breedon Irish SAYE Plan (unapproved form) is a non-tax-advantaged share option scheme.

If New Breedon operates the Breedon Irish SAYE Plan (unapproved form), then all eligible Irish employees must be invited to participate. Employees who are eligible to join and to make monthly savings will be granted options to acquire Option Shares on the terms summarised below.

The Breedon Irish SAYE Plan (unapproved form) is administered by the Breedon Board or a sub-committee appointed to carry out any of its functions. under the Plan.

(b) Eligibility

All employees and full time directors of Breedon and its participating subsidiaries who are assessable to Irish income tax and have such qualifying period of continuous service (not exceeding five years prior to grant) as the Breedon Board determines, are eligible to participate in the Breedon Irish SAYE Plan (unapproved form) ("**Unapproved Eligible Employee**").

(c) Issue of Invitations

Breedon may during the period which is 42 days immediately following an announcement of its results for the last preceding financial year or half year ("**Unapproved Invitation Period**"), invite applications to participate in the New Unapproved Irish SAYE. However, the Breedon Board may, in its absolute discretion, grant options outside the Unapproved Invitation Period in any circumstances which it considers sufficiently exceptional to justify the granting of options at that time, subject always to any overriding provisions of applicable laws and/or regulations.

As stated above, no further options are proposed to be granted under the Breedon Irish SAYE Plan (unapproved form) following the Scheme Effective Date.

(d) Form of options

Applications for Option Shares shall be made in such form as the Breedon Board may require and shall be accompanied by the application form for a savings contract to be entered into by the Unapproved Eligible Employee, which is any savings plan, contract or arrangement entered into by an Unapproved Eligible Employee in connection with the grant of an option under the Breedon Irish SAYE Plan (unapproved form) ("**Unapproved Savings Contract**"). Such application shall specify the amount the applicant wishes to save each month under the Unapproved Savings Contract and shall authorise Breedon (or, if different, the applicant's employer company) to deduct such amount from their pay.

The Breedon Irish SAYE (Plan (unapproved form) shall not impose a minimum on the amount of a person's contributions which exceeds €12 monthly (or such other amount specified in Schedule 12A). The maximum aggregate amount of a person's monthly contributions under all Unapproved Savings Contracts shall not exceed the greater of €500 (or such other amount specified in Schedule 12A) and such maximum contribution as may be determined from time to time by the Breedon Board.

The Breedon Board may in its discretion determine and announce the minimum and maximum level of monthly contributions which may be paid and/or the maximum number of shares in respect of which Option Shares may be granted in response to applications made pursuant to the invitations issued under the Breedon Irish SAYE Plan (unapproved form).

(e) Exercise Price

The price at which Option Shares can be acquired on the exercise of an option is determined by the Breedon Board, being not less than 75 per cent. of the market value of a Breedon Share on the dealing day immediately preceding the date of an invitation to apply for options under the Breedon Irish SAYE Plan (unapproved form) and the nominal value of a Breedon Share (the "**Unapproved Option Price**").

(f) Grant of options

Within 30 days of the dealing day by reference to which the Unapproved Option Price was fixed (which shall be within an Unapproved Invitation Period), the Breedon Board may grant to each Unapproved Eligible Employee who has submitted a valid application a right to acquire Option Shares, in respect of the number of Option Shares for which the application has been deemed to be made. Each application for Option Shares shall be deemed to be an option over the largest whole number of Option Shares which can be acquired at the Unapproved Option Price with the repayment (being the aggregate of the monthly contributions the Unapproved Eligible Employee has agreed to make) under the Unapproved Savings Contract entered into in connection with the option.

Every option shall be personal to the participant to whom it is granted and shall not be transferable. Furthermore, no amount shall be paid in respect of the grant of the option to the Unapproved Eligible Employee.

(g) Exercise of options

Options are normally exercisable only during the period of six months following the maturity of the Unapproved Savings Contract.

Earlier exercise will, however, be permitted if the participant dies or leaves employment through injury, disability, redundancy, or retirement, or where a participant leaves employment of the Group by reason of their employing company ceasing to be a member of the Group, or if the undertaking in which they are employed is sold outside the Group. Early exercise will also be permitted in the event of a takeover, on court sanction of a scheme of arrangement or voluntary winding-up of Breedon. When any tax liability arises in respect of an option, Option Shares may be compulsorily sold in order to discharge such tax liability.

If any company obtains control of Breedon as a result of a takeover offer or the sanctioning of a scheme of arrangement or if a company has become bound or entitled (under certain statutory provisions) to acquire Breedon Shares, a holder of Option Shares may, by agreement with that other company, release their options in return for the grant of equivalent options.

(h) Satisfaction of options and participants' rights

Within 30 days following the effective date of exercise of an option, the Breedon Shares in respect of which the option has been exercised must be issued or Breedon must procure their purchase. Breedon Shares issued or purchased on the exercise of options will rank equally with existing Breedon Shares.

(i) Variation of capital

In the event of any variation of Breedon's share capital, the Breedon Board may make such adjustment as it considers appropriate to the number of Breedon Shares subject to an option and/or the exercise price.

**13.9 New Breedon Irish SAYE Plan (Unapproved Form) ("New Unapproved Irish SAYE")**

The New Unapproved Irish SAYE will be substantially the same as the Breedon Irish SAYE Plan (unapproved form) summarised in paragraphs 13.1 and 13.8 above (as modified in order to (i) reflect the fact that the New Unapproved Irish SAYE will relate to New Breedon and New Breedon Shares; (ii) bring the amendment provisions in line with rule 13.8.11 of the Listing Rules; (iii) incorporate a maximum 10 year life for the New Unapproved Irish SAYE; (iv) provide that in the event of an internal corporate reorganisation, the Remuneration Committee may determine, with the consent of the acquiring company, that early exercise of options will not be permitted and that options will instead be exchanged for equivalent new options over shares in a new holding company; and (v) reflect the fact that the 10 per cent. scheme dilution limit in any 10-year period shall apply to options and awards granted under the Breedon Share Plans and the New Breedon Share Plans (and any other share plan adopted or operated by New Breedon). The New Unapproved Irish SAYE will be established for the purpose of granting options following Admission.

**14. REMUNERATION POLICY**

The Company will formally propose a new directors' remuneration policy for approval by New Breedon Shareholders at the first Annual General Meeting of the Company following Admission, in accordance with section 439A of the Companies Act 2006 and regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It is currently intended that, if approved, that policy will apply for three years from the date of that Annual General Meeting.

It is intended that, from Admission until the shareholder-approved directors' remuneration policy is put in place, remuneration for each Executive Director will operate in line with the directors' remuneration policy included in the Company's 2022 Annual Report, at pages 120 to 121. To reflect best practice amongst premium listed companies on the London Stock Exchange, it is currently intended that the new directors' remuneration policy to be proposed at the first Annual General Meeting of the Company following Admission will additionally include a formal policy for post-employment shareholding requirements for executive directors encompassing both unvested and vested shares.

**15. THE GROUP**

Breedon has, and following the Scheme becoming effective, New Breedon will be the principal operating and holding company of the Group and have, the following significant subsidiaries, associated undertakings and joint ventures.

*Subsidiary undertakings*

| Name                              | Nature of business                   | Country of incorporation | % of share capital held |
|-----------------------------------|--------------------------------------|--------------------------|-------------------------|
| Breedon Midco Limited             | Holding company                      | England                  | 100%                    |
| Breedon Trading Limited           | Production of construction materials | England                  | 100%                    |
| Whitemountain Quarries Limited    | Production of construction materials | Northern Ireland         | 100%                    |
| Alpha Resource Management Limited | Waste disposal                       | Northern Ireland         | 100%                    |
| Lagan Asphalt Limited             | Surfacing                            | Rol                      | 100%                    |
| Lagan Materials Limited           | Production of construction materials | Rol                      | 100%                    |
| Lagan Asphalt Group Limited       | Holding company                      | Northern Ireland         | 100%                    |
| Lagan Hibernian Limited           | Holding company                      | Rol                      | 100%                    |

| <b>Name</b>                               | <b>Nature of business</b>        | <b>Country of incorporation</b> | <b>% of share capital held</b> |
|-------------------------------------------|----------------------------------|---------------------------------|--------------------------------|
| Breedon Cement Limited                    | Cement production                | England                         | 100%                           |
| Breedon Cement Ireland Limited            | Cement Production                | Rol                             | 100%                           |
| Breedon Brick Limited                     | Manufacture of Building Products | Rol                             | 100%                           |
| Breedon Group Services Limited            | Service company                  | England                         | 100%                           |
| Breedon Employee Services Ireland Limited | Service company                  | Rol                             | 100%                           |
| Breedon Holdings (Jersey) Limited         | Holding company                  | Jersey                          | 100%                           |
| Kilcarn Limited                           | Holding company                  | Northern Ireland                | 100%                           |

#### *Associated undertaking*

| <b>Name</b>           | <b>Nature of business</b> | <b>Country of incorporation</b> | <b>% of share capital held</b> |
|-----------------------|---------------------------|---------------------------------|--------------------------------|
| BEAR Scotland Limited | Surfacing                 | Scotland                        | 37.5%                          |

#### *Joint ventures*

| <b>Name</b>                                    | <b>Nature of business</b>            | <b>Country of incorporation</b> | <b>% of share capital held</b> |
|------------------------------------------------|--------------------------------------|---------------------------------|--------------------------------|
| Alba Traffic Management Limited                | Traffic management solutions         | Scotland                        | 75%                            |
| Kingscourt Country Manor Brick Company Limited | Distribution of building products    | Rol                             | 50%                            |
| Capital Concrete Limited                       | Production of construction materials | England                         | 43%                            |
| Breedon Bowen Limited                          | Production of construction materials | England                         | 50%                            |
| Northern Quarry Products Limited               | Production of construction materials | Scotland                        | 50%                            |
| Breedon Colas Limited                          | Construction of roads and motorways  | England                         | 50%                            |
| H.V. Bowen & Sons (Quarry) Ltd                 | Quarrying, ready mix concrete        | England                         | 50%                            |
| Welsh Slate Europe B.V.                        | Slate supplier                       | Netherlands                     | 50%                            |

In addition, upon the Scheme becoming effective, Breedon will be a subsidiary undertaking of New Breedon.

## **16. UNITED KINGDOM TAXATION**

The following paragraphs of this summary, which are intended as a general guide only, are based on current UK tax legislation and HMRC's published practice (both of which are subject to change, possibly with retrospective effect), and summarise certain limited aspects of the UK tax treatment of the holding or disposing of New Breedon Shares.

This summary relates only to the position of New Breedon Shareholders: (i) who are the absolute beneficial owners of their New Breedon Shares and any dividends paid in respect of those New Breedon Shares, (ii) who hold their New Breedon Shares as an investment (other than where the New Breedon Shares are employment-related securities for UK tax purposes or where a tax exemption applies, for example where the New Breedon Shares are held in an individual savings account or pension agreement) and not as securities to be realised in the course of a trade; (iii) who are resident solely in the UK for tax purposes or, in the case of individuals, resident and domiciled solely in the UK for tax purposes; (iv) in the case of individuals, who are not Scottish or Welsh taxpayers and to whom split-year treatment does not apply; and (v) hold less than 5 per cent. of the New Breedon Shares in the Company.

The tax position of certain categories of New Breedon Shareholders who are subject to special rules is not considered by this summary and it should be noted that those New Breedon Shareholders may incur liabilities to UK tax on a different basis to that described below. The categories of New Breedon Shareholders that are not considered includes but is not limited to persons who are: (i) brokers, dealers, intermediaries, insurance companies, collective investment schemes, trustees of certain trusts and persons connected with clearance services or depositary receipt systems; (ii) subject to specific tax regimes or benefit from specific reliefs or exemptions (including pension schemes); (iii) are treated as

holding their New Breedon Shares as carried interest; (iv) New Breedon Shareholders who hold New Breedon Shares as part of hedging or commercial transactions; (v) New Breedon Shareholders who hold New Breedon Shares in connection with a trade, profession or vocation carried out in the UK (whether through a branch or agency or otherwise); (vi) New Breedon Shareholders who are connected with the Group or who have acquired their New Breedon Shares other than for bona fide commercial reasons; and (vii) New Breedon Shareholders who acquire or acquired their New Breedon Shares through any Share Plan, under any other share incentive arrangements or by (or deemed to be by) virtue of an office or employment. Nothing in these paragraphs should be taken as providing personal tax advice.

In particular, the following paragraphs do not refer to UK inheritance tax considerations. New Breedon Shareholders should consult their own professional advisers in relation to any potential UK inheritance tax implications of holding or disposing of New Breedon Shares.

**THIS SUMMARY DOES NOT CONSTITUTE TAX OR LEGAL ADVICE. IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION, OR IF YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UK OR YOU ARE AN INDIVIDUAL WHO IS NOT RESIDENT AND DOMICILED SOLELY IN THE UK, YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER IMMEDIATELY.**

#### **16.1 UK taxation of chargeable gains**

##### **(a) Individual New Breedon Shareholders**

Individual holders of New Breedon Shares who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal of the New Breedon Shares (subject to any available exemption or relief).

Individuals generally compute their gains by deducting from the sale proceeds the base cost in respect of their New Breedon Shares together with any other allowable expenditure. The resulting gains will be taxable at the capital gains tax rate applicable to the individual (currently 10 per cent. for basic rate taxpayers and 20 per cent. for those whose total income and chargeable gains are above the higher rate threshold), and may be reduced by capital losses brought forward from previous tax years or losses generated in the tax year of disposal, and by annual exemptions. The annual exemption from capital gains tax for UK resident individuals is £6,000 for the 2023/24 tax year and will be reducing to £3,000 for the 2024/25 tax year onwards.

##### **(b) Corporate New Breedon Shareholders**

UK resident holders of New Breedon Shares within the charge to corporation tax are taxed on the chargeable gains made, generally computed by deducting from the sales proceeds the chargeable gains base cost in respect of their New Breedon Shares together with any other allowable expenditure.

Prior to 1 April 2023 the corporation tax rate was 19 per cent. The main rate of UK corporation tax increased to 25 per cent. from 1 April 2023. A small profits rate was also introduced from 1 April 2023 for some companies with profits of £50,000 or less so that they continue to pay corporation tax at 19 per cent. on those profits. Companies with profits between £50,000 and £250,000 will pay corporation tax at the main rate of 25 per cent. reduced by a marginal relief. The £50,000 and £250,000 limits will be shared between associated companies.

#### **16.2 UK taxation of dividends**

Under UK tax legislation, the Company is not required to withhold tax at source from any dividend payments it makes to New Breedon Shareholders.

##### **(a) Individual New Breedon Shareholders**

For individual holders of New Breedon Shares who are resident in the UK, for the 2023/24 tax year, the first £1,000 of dividend distributions (taking into account dividends received from New Breedon and any other dividend income received by the holder) received in each tax year are free of income tax (the "annual dividend allowance"). The annual dividend allowance is reducing to £500 for the 2024/25 tax year onwards.

Where an individual's dividend income from all sources exceeds the annual dividend allowance, the excess will be liable to income tax at the dividend tax rates reflecting the holder's highest rate of tax. The dividend tax rates for the 2023/24 tax year are 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers and 39.35 per cent. for additional rate taxpayers. Dividends received within a holder's dividend allowance count towards total taxable income and affect the rate of tax due on any dividends received

exceeding it. For these purposes "dividend income" includes without limitation UK and non-UK source dividends and certain other distributions in respect of shares.

(b) *Corporate New Breedon Shareholders*

UK resident holders of New Breedon Shares within the charge to corporation tax will be subject to UK corporation tax (main rate of 25 per cent. from 1 April 2023 onwards, as discussed above in paragraph 13.1(b)) on receipt of dividends unless such dividends can be treated as an exempt distribution. This is dependent upon the satisfaction of certain conditions set out in Part 9A of the Corporation Tax Act 2009. Whilst it is expected that dividends paid by the New Breedon should generally satisfy such conditions, the exemptions in Part 9A of the Corporation Tax Act 2009 are not comprehensive and are subject to anti-avoidance rules meaning that there is no guarantee that this will always be the case, and it will be necessary for New Breedon Shareholders to consider the application of such conditions in respect of every dividend received and in the context of their own circumstances.

16.3 ***Stamp duty and stamp duty reserve tax ("SDRT")***

**The statements below are intended as a general guide to the current UK stamp duty and SDRT position and apply regardless of whether or not the purchaser is resident in the UK for tax purposes. Certain categories of person, including market makers, brokers and dealers may not be liable to stamp duty or SDRT and others (including persons connected with depositary arrangements and clearance services), may be liable at a higher rate of 1.5 per cent. or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.**

Neither UK stamp duty nor SDRT should generally arise on the issue of New Breedon Shares.

Any future conveyance or transfer on sale of New Breedon Shares effected by an instrument of transfer will usually be subject to stamp duty, at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount or value of the consideration payable. Stamp duty is normally paid by the purchaser. There is an exemption where the consideration for a transfer is £1,000 or less and that transfer does not form part of a larger transaction or series of transactions where the combined consideration exceeds £1,000 and this is certified on the instrument of transfer. A charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid in money or money's worth will also arise in relation to any future unconditional agreement to transfer the New Breedon Shares. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and is duly stamped (unless it is exempt), the stamping of the instrument of transfer will normally cancel the SDRT liability and, provided a claim for repayment is made, any SDRT already paid should be refunded.

Paperless transfers of New Breedon Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration paid in money or money's worth. In the case of transfers in CREST, SDRT will normally be collected by Euroclear through CREST in accordance with the CREST Rules and Euroclear will normally account for the SDRT to HMRC. Deposits of shares into CREST will generally not be subject to SDRT, unless the transfer into CREST is itself for consideration.

In cases where New Breedon Shares are transferred to a connected company (or its nominee) of the person making the transfer, 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 New Breedon Shares.

17. **MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS**

17.1 ***Material contracts***

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the publication of this Prospectus and which are or may be material to the Group or have been entered into by any member of the Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this Prospectus.

17.1.1 ***Sponsor agreement***

On the date of publication of this Prospectus, the Company and the Sponsor entered into a sponsor agreement pursuant to which the Sponsor agreed to act as the Company's sole sponsor for the purposes

of the Listing Rules in relation to the Admission (the "**Sponsor Agreement**").

Under the terms of the Sponsor Agreement, the Company has agreed to provide certain customary warranties, representations and undertakings in favour of the Sponsor in relation to, amongst other things, the accuracy of information in the Prospectus and other matters relating to the Group. The Company has also agreed to indemnify the Sponsor and its associates against, among other things, claims made against them or losses incurred by them in connection with Admission, subject to certain customary limited exceptions. The liability of the Company under the Sponsor Agreement is unlimited by both time and amount. In addition, the Sponsor Agreement provides the Sponsor with the right to terminate the Sponsor Agreement before Admission in certain specified circumstances typical for a sponsor agreement of this nature. The Company has agreed to pay the Sponsor a customary sponsor fee and bear all of the Sponsor's costs and expenses in connection with Admission. The Sponsor Agreement is governed by English law.

#### 17.1.2 *Revolving credit facility*

The RCF has been made available to the Group pursuant to a facility agreement dated 22 June 2021 between, among others, certain members of the Group as borrowers and guarantors, Barclays Bank PLC, HSBC UK Bank plc, Intesa Sanpaolo S.p.A., National Westminster Bank plc, Santander UK plc, AIB Group (UK) P.L.C. (trading under license AIB (NI)), The Governor and Company of the Bank of Ireland, Northern Bank Limited and Mediobanca International (Luxembourg) S.A. as arrangers, the Original Lenders as defined therein and Barclays Bank PLC as Agent and Documentation Bank. As at the Latest Practicable Date, the RCF was undrawn.

The rate of interest payable on the RCF is the aggregate of the margin and compounded SONIA. The margin fluctuates between 1.75 per cent. per annum and 2.7 per cent. per annum depending on the Group's adjusted leverage. Interest is payable in arrears at the end of each interest period. Breedon can select interest periods of 1, 3 or 6 months.

The RCF is repayable in full on 22 June 2025, subject to a one year extension option which, if exercised, would mean the RCF will be repayable on 22 June 2026. The extension option may be exercised by the Group at any time between 23 April 2023 and 22 June 2023. The RCF is unsecured.

The Group must ensure that:

- (i) *Interest cover*: the ratio of adjusted EBITDA of the Group to the Group's interest costs is not less than 3.5:1, calculated on a rolling 12 month lookback basis; and
- (ii) *Adjusted leverage*: the ratio of the Group's total net debt to the Group's adjusted EBITDA is not greater than 3.00:1, calculated on a rolling 12-month lookback basis.

The RCF contains undertakings, representations and Events of Default typical for an RCF made to a listed company.

#### 17.1.3 *Note Purchase and Guarantee Agreement*

A Note Purchase and Guarantee Agreement (the "**NPGA**") dated 16 July 2021 was entered into by and among Breedon Holdings Limited as the issuer (the "**Issuer**"), Breedon as the parent guarantor (the "**Parent Guarantor**") and certain institutional investors as purchasers of the notes. Pursuant to the NPGA, the Issuer issued and sold to the purchasers on 23 September 2021:

- (a) £25,000,000 2.11% Series A Senior Notes due 23 September 2028;
- (b) £55,000,000 2.34% Series B Senior Notes due 23 September 2031;
- (c) £45,000,000 2.37% Series C Senior Notes due 23 September 2033;
- (d) £45,000,000 2.38% Series D Senior Notes due 23 September 2026;
- (e) €47,000,000 1.07% Series E Senior Notes due 23 September 2028; and
- (f) €47,000,000 1.33% Series F Senior Notes due 23 September 2031 (collectively, the "**Notes**").

The payment of the Notes and the performance by the Issuer of its obligations under the NPGA are unconditionally guaranteed by the Parent Guarantor pursuant to the guarantee provided in the NPGA. The payment of the Notes and the performance by the Issuer of its obligations under the NPGA may, from time to time, be guaranteed by other members of the Group pursuant to a subsidiary guarantee deed to be entered into by such subsidiary guarantor. As of the date hereof, the subsidiary guarantors are (a) Breedon Employee Services Ireland Limited, (b) Breedon Holdings (Jersey) Limited, (c) Breedon Trading Limited,

(d) Breedon Cement Ireland Limited, (e) Breedon Cement Limited, (f) Breedon Group Services Limited, (g) Lagan Asphalt Group Limited, (h) Lagan Asphalt Limited, (i) Lagan Hibernian Limited, (j) Lagan Materials Limited and (k) Whitemountain Quarries Limited.

Interest on the Notes is due and payable in arrears semi-annually. The principal balance of the Notes is due and payable on the stated maturity date thereof. The Notes are unsecured.

The Group must ensure that:

- (i) *Interest cover*: the ratio of adjusted EBITDA of the Group to the Group's interest costs is not less than 3.5:1, calculated on a rolling 12 month lookback basis; and
- (ii) *Adjusted leverage*: the ratio of the Group's total net debt to the Group's adjusted EBITDA is not greater than 3.00:1, calculated on a rolling 12-month lookback basis (notwithstanding that exceptions apply in the event that such ratio exceeds the threshold as a direct result of a relevant acquisition).

The NPGA contains undertakings, representations, prepayment provisions and events of default typical for a US private placement.

## **17.2 Related party transactions**

The related party transactions entered into by members of the Group during the period covered by the historical financial information are disclosed in: (i) Note 23 to the audited consolidated financial statements of the Group as at and for the year ended 31 December 2020; (ii) Note 23 to the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021; and (iii) Note 22 to the audited consolidated financial statements of the Group as at and for the year ended 31 December 2022. The audited consolidated financial statements of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, have been incorporated into this Prospectus by reference as set out in Part XIII (*Documents Incorporated by Reference*) of this Prospectus

Since 1 January 2023 to the Latest Practicable Date and save as summarised in this Prospectus in paragraph 10 of this Part XII, the members of the Group have not entered into any related party transactions.

## **18. WORKING CAPITAL**

The Company is of the opinion that, after taking into account the available debt facilities, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this Prospectus.

## **19. SIGNIFICANT CHANGE**

There has been no significant change in the financial position or financial performance of the Group since 31 December 2022, being the date to which the last audited consolidated annual accounts of the Group have been published.

## **20. LITIGATION**

Neither the Company nor any member of the Group is, nor has at any time in the 12 months immediately preceding the date of this Prospectus been, involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this Prospectus, in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

## **21. AUDITOR**

The auditor of the Group with effect from Admission is expected to be KPMG LLP, whose office is at One Snowhill, Snowhill, Queensway, Birmingham B4 6GH. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales and has no material interest in the Group. KPMG LLP has been the auditor of Old Breedon for the period covered by the Historical Financial Information.

## **22. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the Group's website at <https://www.breedongroup.com/aim-to-main> for a period of 12 months from the date of publication of this

Prospectus:

- the documents incorporated by reference into this Prospectus as described in Part XIII (*Documents Incorporated by Reference*);
- the New Breedon Articles; and
- a copy of this Prospectus.

For the purposes of Rule 3.2 of the Prospectus Regulation Rules, this Prospectus will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 28 days from the date of publication of this Prospectus at Pinnacle House, Breedon on the Hill, Derby DE73 8AP. In addition, the Prospectus will be published in electronic form and be available on the Group's website at <https://www.breedongroup.com/aim-to-main>.

## 23. EXPENSES

The total costs, charges and expenses payable by New Breedon and Breedon in connection with Admission are estimated to be approximately £5,000,000 (exclusive of VAT). No expenses will be charged to holders of Breedon Shares or New Breedon Shares.

## PART XIII. DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the information which is incorporated by reference into, and forms part of, this Prospectus. These documents are available on the Group's website at <https://breedongroup.com/investors>.

Any non-incorporated parts of such documents are either not relevant for the purposes of Admission or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference or referred or cross-referred to in the information incorporated by reference shall not form part of this Prospectus.

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## PART XIV. DEFINITIONS AND GLOSSARY

### Definitions

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

|                                        |                                                                                                                                                                                                                                                 |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "2011 PSP"                             | 2011 Performance Share Plan                                                                                                                                                                                                                     |
| "2017 SAYE"                            | UK 2017 Breedon Save As You Earn scheme                                                                                                                                                                                                         |
| "2020 SAYE"                            | UK 2020 Breedon Save As You Earn scheme                                                                                                                                                                                                         |
| "2020 Annual Report"                   | the Annual Report published by Breedon for the year ended 31 December 2020                                                                                                                                                                      |
| "2021 Annual Report"                   | the Annual Report published by Breedon for the year ended 31 December 2021                                                                                                                                                                      |
| "2021 PSP"                             | 2021 Performance Share Plan                                                                                                                                                                                                                     |
| "2022 Annual Report"                   | the Annual Report published by Breedon for the year ended 31 December 2022                                                                                                                                                                      |
| "Admission"                            | the admission of the New Breedon Shares to listing on the premium listing segment of the Official List and to trading on the Main Market becoming effective                                                                                     |
| "Approved Invitation Period"           | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                                      |
| "Approved Option Price"                | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                                      |
| "Approved Savings Contract"            | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                                      |
| "AIM"                                  | the Alternative Investment Market of the London Stock Exchange                                                                                                                                                                                  |
| "AIM Rules"                            | the AIM Rules for Companies published by the London Stock Exchange as amended from time to time                                                                                                                                                 |
| "Annual General Meeting"               | the 2022 annual general meeting of Breedon held at 2:00 p.m. on 26 April 2023                                                                                                                                                                   |
| "Board" or "Directors"                 | the board of directors of the Company (whose names are set out in Part VI of this Prospectus)                                                                                                                                                   |
| "Breedon"                              | Breedon Group plc, a public limited company registered in Jersey with registered number 98465                                                                                                                                                   |
| "Breedon Board" or "Breedon Directors" | the board of directors of Breedon                                                                                                                                                                                                               |
| "Breedon Irish SAYE Plans"             | the Breedon Irish Savings-Related Share Option Scheme (approved form) adopted by the Breedon Board on 1 August 2018 and the Breedon Irish Savings-Related Share Option Scheme (unapproved form) adopted by the Breedon Board on 28 January 2022 |
| "Breedon PSPs"                         | the Breedon Performance Share Plan 2011 approved by New Breedon Shareholders on 23 May 2011 and the Breedon Performance Share Plan 2021 approved by Breedon Shareholders on 20 April 2021                                                       |

|                                              |                                                                                                                                                                                                                 |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Breedon Share Plans"                        | the Breedon PSPs, the Breedon Irish SAYE Plans and the Breedon UK SAYE Plans                                                                                                                                    |
| "Breedon Shareholders"                       | the holders of the Breedon Shares                                                                                                                                                                               |
| "Breedon Shares"                             | ordinary shares of no par value in the share capital of Breedon                                                                                                                                                 |
| "Breedon UK SAYE Plans"                      | the Breedon Savings Related Share Option Scheme 2011 adopted by the Breedon Board on 31 January 2011 and the Breedon Savings Related Share Option Scheme 2020 adopted by the Breedon Board on 15 September 2020 |
| "Business Day"                               | a day (excluding Saturdays and Sundays or public holidays) in England and Wales and Jersey on which banks generally are open for the transaction of normal business                                             |
| "Capital Reduction"                          | the UK Court sanctioned reduction of capital whereby New Breedon cancels the Subscription Shares and reduces the nominal value of the New Breedon Shares                                                        |
| "Chair"                                      | the chair of the Board                                                                                                                                                                                          |
| "Chief Executive Officer"                    | Rob Wood, or the chief executive officer of New Breedon from time to time                                                                                                                                       |
| "Chief Financial Officer"                    | James Brotherton, or the chief financial officer of New Breedon from time to time                                                                                                                               |
| "Companies Act"                              | the Companies Act 2006, as amended from time to time                                                                                                                                                            |
| "Conditions"                                 | the conditions to the Scheme as set out in Part 2 of the Scheme Circular and " <b>Condition</b> " shall mean any one of them                                                                                    |
| "CPA"                                        | the Construction Products Association                                                                                                                                                                           |
| "CREST"                                      | the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)                                                                               |
| "Directors"                                  | together, the Executive Directors and the Non-Executive Directors                                                                                                                                               |
| "Disclosure Guidance and Transparency Rules" | the disclosure guidance and transparency made by the FCA under Part VI of the FSMA and forming part of the FCA Handbook as amended from time to time                                                            |
| "EBIT Margin"                                | earnings before interest and tax                                                                                                                                                                                |
| "ESG"                                        | environmental, social and governance standards                                                                                                                                                                  |
| "EU"                                         | the European Union                                                                                                                                                                                              |
| "Euroclear"                                  | Euroclear UK & International Limited, the operator of CREST                                                                                                                                                     |
| "Excluded Shares"                            | any Breedon Shares at the Scheme Record Time which (if any) are held by Breedon as treasury shares (within the meaning of the Jersey Companies Law)                                                             |
| "Executive Committee"                        | the executive directors and a number of other senior executives within the business                                                                                                                             |
| "Executive Directors"                        | the executive directors of the Company as at the date of Admission                                                                                                                                              |
| "FCA"                                        | the Financial Conduct Authority                                                                                                                                                                                 |

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| "FCA Handbook"                     | the rules and guidance of the FCA published as the FCA Handbook, as amended from time to time                                                                                                                                                                                                                                                      |
| "FCF Generation"                   | free cash flow generation                                                                                                                                                                                                                                                                                                                          |
| "FSMA"                             | the Financial Services and Markets Act 2000, as amended from time to time                                                                                                                                                                                                                                                                          |
| "FY20"                             | the financial year ended 31 December 2020                                                                                                                                                                                                                                                                                                          |
| "FY21"                             | the financial year ended 31 December 2021                                                                                                                                                                                                                                                                                                          |
| "FY22"                             | the financial year ended 31 December 2022                                                                                                                                                                                                                                                                                                          |
| "GB" or "Great Britain"            | the island consisting of England, Scotland, and Wales, which together with Northern Ireland makes up the United Kingdom                                                                                                                                                                                                                            |
| "GDP"                              | gross domestic product                                                                                                                                                                                                                                                                                                                             |
| "Group"                            | as at the date of this Prospectus and as at all times before the Scheme Effective Date, Breedon and its subsidiaries and subsidiary undertakings and from (and inclusive of) the Scheme Effective Date, New Breedon and its subsidiaries and subsidiary undertakings                                                                               |
| "Group General Counsel"            | James Atherton-Ham, or the Group general counsel from time to time                                                                                                                                                                                                                                                                                 |
| "Historical Financial Information" | the audited consolidated financial statements of the Group for each of FY20, FY21 and FY22 contained in the 2020 Annual Report, the 2021 Annual Report and the 2022 Annual Report respectively                                                                                                                                                     |
| "HMRC"                             | HM Revenue and Customs in the UK                                                                                                                                                                                                                                                                                                                   |
| "IASB"                             | International Accounting Standards Board                                                                                                                                                                                                                                                                                                           |
| "IFRS"                             | UK adopted International Financial Reporting Standards                                                                                                                                                                                                                                                                                             |
| "Ireland"                          | ROI and Northern Ireland                                                                                                                                                                                                                                                                                                                           |
| "IT"                               | information technology                                                                                                                                                                                                                                                                                                                             |
| "ITEPA"                            | the Income Tax (Earnings and Pensions) Act 2003                                                                                                                                                                                                                                                                                                    |
| "Jersey Companies Law"             | the Companies (Jersey) Law 1991, as amended from time to time                                                                                                                                                                                                                                                                                      |
| "Jersey Court"                     | the Royal Court of Jersey                                                                                                                                                                                                                                                                                                                          |
| "Jersey Court Hearing"             | the hearing under article 125 of the Jersey Companies Law by the Jersey Court of Breedon's representation to sanction the Scheme                                                                                                                                                                                                                   |
| "Jersey Court Meeting"             | the meeting of the Breedon Shareholders convened by order of the Jersey Court pursuant to article 125 of the Jersey Companies Law and held at Pinnacle House, Breedon on the Hill, Derby, DE73 8AP at 2:15 p.m. on 26 April 2023 to consider and, if thought fit, approve the Scheme, notice of which was set out in Part 7 of the Scheme Circular |
| "Jersey Court Order"               | the act of the Jersey Court sanctioning the Scheme under Article 125 of the Jersey Companies Law                                                                                                                                                                                                                                                   |
| "Jersey Registrar of Companies"    | the registrar of companies in Jersey provided by the Jersey Financial Services Commission                                                                                                                                                                                                                                                          |

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| "KPI"                       | Key Performance Indicator                                                                                                                                                                                                   |
| "Latest Practicable Date"   | 9 May 2023, being the latest practicable date prior to publication of this Prospectus                                                                                                                                       |
| "LEI"                       | Legal Entity Identifier                                                                                                                                                                                                     |
| "Listing Rules"             | the listing rules made by the FCA under Part VI of the FSMA and forming part of the FCA Handbook, as amended from time to time                                                                                              |
| "Long Stop Date"            | 30 June 2023 or such later date as Breedon and New Breedon may agree and as the Jersey Court may allow                                                                                                                      |
| "London Stock Exchange"     | London Stock Exchange plc                                                                                                                                                                                                   |
| "Main Market"               | the London Stock Exchange's main market for listed securities                                                                                                                                                               |
| "Midco"                     | Breedon Midco Limited, a private limited company incorporated in England and Wales under the Companies Act 2006 with registered number 14777332                                                                             |
| "Midlands"                  | a region of central England commonly considered to comprise the east and west midlands                                                                                                                                      |
| "NED"                       | non-executive director                                                                                                                                                                                                      |
| "New Approved Irish SAYE"   | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                  |
| "New Breedon" or "Company"  | Breedon Group plc, a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 14739556                                                                                  |
| "New Breedon Articles"      | the articles of association of New Breedon                                                                                                                                                                                  |
| "New Breedon Share Plans"   | the New PSP, the New Approved Irish SAYE, the New Unapproved Irish SAYE and the New UK SAYE                                                                                                                                 |
| "New Breedon Shareholders"  | holders of New Breedon Shares                                                                                                                                                                                               |
| "New Breedon Shares"        | ordinary shares of £1.40 each in the capital of New Breedon to be issued credited as fully paid pursuant to the Scheme                                                                                                      |
| "New PSP"                   | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                  |
| "New UK SAYE"               | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                  |
| "New Unapproved Irish SAYE" | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) of this document                                                                                                                  |
| "Non-Executive Directors"   | the non-executive directors of the Company as at the date of Admission                                                                                                                                                      |
| "NPGA"                      | a Note Purchase and Guarantee Agreement dated 16 July 2021 entered into by and among Breedon Holdings Limited as the issuer, Breedon as the parent guarantor and certain institutional investors as purchasers of the notes |
| "Numis" of "Sponsor"        | Numis Securities Limited                                                                                                                                                                                                    |

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| "Official List"               | the Official List of the FCA                                                                                                                                                                                                                                                                                                            |
| "Option Shares"               | has the meaning given to it in paragraph 13 of Part XII (Additional Information) of this document                                                                                                                                                                                                                                       |
| "Overseas Shareholders"       | holders of New Breedon Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or Jersey                                                                                                                                                                                           |
| "Pound Sterling"              | the lawful currency of the United Kingdom                                                                                                                                                                                                                                                                                               |
| "Proposals"                   | recommended proposals for: (i) the introduction of a new England and Wales incorporated and United Kingdom tax resident parent company by means of a scheme of arrangement under Article 125 of the Jersey Companies Law; (ii) the Capital Reduction; and (iii) notices of the Jersey Court Meeting and the Scheme General Meeting      |
| "Prospectus"                  | this prospectus                                                                                                                                                                                                                                                                                                                         |
| "Prospectus Regulation Rules" | the prospectus regulation rules made by the FCA under Part VI of the FSMA and forming part of the FCA Handbook, as amended from time to time                                                                                                                                                                                            |
| "RCF"                         | revolving credit facility                                                                                                                                                                                                                                                                                                               |
| "Registrars"                  | Link Market Services Limited                                                                                                                                                                                                                                                                                                            |
| "Regulations"                 | the Uncertificated Securities Regulations 2001                                                                                                                                                                                                                                                                                          |
| "Remuneration Committee"      | the remuneration committee of Breedon and, post-Admission, New Breedon, in each case as applicable                                                                                                                                                                                                                                      |
| "ROIC"                        | post-tax return on invested capital                                                                                                                                                                                                                                                                                                     |
| "RoI"                         | Republic of Ireland                                                                                                                                                                                                                                                                                                                     |
| "SAYE Contract"               | has the meaning given to it in paragraph 13 of Part XII ( <i>Additional Information</i> ) to this document                                                                                                                                                                                                                              |
| "Scheme"                      | the scheme of arrangement proposed to be made pursuant to article 125 of the Jersey Companies Law to introduce the Company as the new holding company to the Group                                                                                                                                                                      |
| "Scheme Circular"             | the circular to Breedon shareholders in connection with the Scheme dated 29 March 2023                                                                                                                                                                                                                                                  |
| "Scheme Effective Date"       | the date on which the Scheme becomes effective in accordance with the Scheme, expected to be 16 May 2023                                                                                                                                                                                                                                |
| "Scheme General Meeting"      | the general meeting of Breedon shareholders held at Pinnacle House, Breedon on the Hill, Derby, DE73 8AP at 2:30 p.m. on 26 April 2023, notice of which was set out in Part 8 of the Scheme Circular                                                                                                                                    |
| "Scheme Record Time"          | 6.00 p.m. on the Scheme Effective Date, or such later time as (i) Breedon may determine in accordance with Clause 6(c) of Part 3 of the Scheme Circular; or (ii) as Breedon may propose and the Jersey Court may agree                                                                                                                  |
| "Scheme Shareholders"         | holders of the Scheme Shares                                                                                                                                                                                                                                                                                                            |
| "Scheme Shares"               | all Breedon Shares which remain in issue at the Scheme Record Time and are: (a) in issue at the date of the Scheme Circular; (b) (if any) issued after the date of the Scheme Circular but before the Voting Record Time; and (c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms |

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|                                | that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, excluding, in each case, any Excluded Shares;                                                                                                                                                                                                                                                                              |
| "SDRT"                         | stamp duty and stamp duty reserve tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| "SEC"                          | the United States Securities and Exchange Commission                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| "Shareholders"                 | the holders of New Breedon Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| "SONIA"                        | Sterling Overnight Index Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| "Special Resolution"           | the special resolution passed at the Scheme General Meeting, to, amongst other things: (i) authorise Breedon Directors (or a duly authorised committee thereof) to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect, (ii) approve the amendment of the articles of association of Breedon as set out in Part 10 (Notice of Scheme General Meeting) of the Scheme Circular, and (iii) approve the re-registration of Breedon as a private limited company |
| "Sponsor"                      | Numis Securities Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| "Subscription Shares"          | the 14,286 ordinary shares in the capital of New Breedon of £3.50 each                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "subsidiary"                   | as defined in sections 1159 and Schedule 6 of the Companies Act                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| "Takeover Code"                | the City Code on Takeovers and Mergers                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Takeover Panel"               | the Panel on Takeovers and Mergers                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| "TCFD"                         | the task force on climate related financial disclosures                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| "Transfer Time"                | the time at which the Scheme Shares are transferred to New Breedon and/or its nominee(s) in accordance with clauses 1(a) and 1(b) of Part 3 of the Scheme Circular                                                                                                                                                                                                                                                                                                                                             |
| "UK" or "United Kingdom"       | the United Kingdom of Great Britain and Northern Ireland                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| "UK Court"                     | the High Court of Justice of England and Wales                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| "UK Corporate Governance Code" | the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                    |
| "UK GDPR"                      | Regulation (EU) No 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), as it forms part of domestic UK law by virtue of in the European Union (Withdrawal) Act 2018                                                                                                                      |
| "UK Market Abuse Regulation"   | the EU Market Abuse Regulation (2014/596/EU) as it forms part of domestic UK law by virtue of the European Union (Withdrawal) Act 2018                                                                                                                                                                                                                                                                                                                                                                         |
| "UK Prospectus Regulation"     | Regulation (EU) 2017/1129 as it forms part of domestic UK law by virtue of the European Union (Withdrawal) Act 2018                                                                                                                                                                                                                                                                                                                                                                                            |
| "Unapproved Invitation Period" | has the meaning given to it in paragraph 13 of Part XII (Additional Information) of this document                                                                                                                                                                                                                                                                                                                                                                                                              |
| "Unapproved"                   | has the meaning given to it in paragraph 13 of Part XII (Additional Information) of                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| Eligible Employee"            | this document                                                                                                                                                              |
| "Unapproved Option Price"     | has the meaning given to it in paragraph 13 of Part XII (Additional Information) of this document                                                                          |
| "Unapproved Savings Contract" | has the meaning given to it in paragraph 13 of Part XII (Additional Information) of this document                                                                          |
| "Underlying EBIT"             | earnings before interest and tax, non-underlying items and before share of profit from associate and joint ventures                                                        |
| "Underlying EPS"              | earnings per share before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items |
| "United States" or "U.S."     | the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia                                     |
| "U.S. Securities Act"         | the United States Securities Act of 1993, as amended                                                                                                                       |
| "Voting Record Time"          | 6:30 p.m. on 24 April 2023                                                                                                                                                 |

## Glossary

The following terms have the meanings provided below unless the context requires otherwise:

|                             |                                                                                                                                                                   |
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| aggregates                  | a term for inert granular material such as sand, gravel, recycled concrete or crushed stone, being an essential ingredient in concrete alongside water and cement |
| asphalt                     | a mixture of dark bituminous pitch with sand or gravel, used for surfacing roads, flooring, roofing and other                                                     |
| mortar                      | workable paste used to bind building products such as bricks and tiles together                                                                                   |
| ready-mixed concrete or RMX | concrete that is specifically manufactured for customers' construction projects, and supplied to the customer on site as a single product                         |