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FOR IMMEDIATE RELEASE

16 January 2025

**Carr's Group plc
("Carr's" or the "Company")**

Sale of Engineering Division for £75m

Carr's (CARR.L) is pleased to announce that it has agreed to dispose of its interests in Carr's Engineering Limited (the "**UK Target**") and Carr's Engineering (US), Inc. (the "**US Target**") (together, the "**Engineering Division**") to Cadre Holdings, Inc. ("**Cadre**") for cash consideration on a cash free, debt free basis, representing an enterprise value of £75m (the "**Transaction**").

Transaction Highlights

- Sale of the Engineering Division (which, for the avoidance of doubt, excludes Chirton Engineering, which is subject to a separate sale process as outlined in further detail below) on a cash free, debt free basis representing an enterprise value of £75m and multiple of 7.1x FY24 Adjusted EBITDA
- Unlocks significant shareholder value and provides cash to the Group for the benefit of all stakeholders concluding an extensive process conducted by the Board of Carr's
- The Board views Cadre as a compelling strategic buyer of, and suitable custodian for, the employees and customers of the Engineering Division on the next phase of its growth journey
- The Company intends to return up to approximately £70m of the net proceeds to shareholders by way of a tender offer (the "**Capital Return**"), with any remaining proceeds expected to be used for general corporate purposes
- The Transaction simplifies the Group's structure and enables the Continuing Group to concentrate future investments and allocate resources more effectively to the Agriculture Division, supported by the recently launched focussed strategy under a single management team
- Upon Completion, the Continuing Group will be in a net cash position and have the financial flexibility to implement the focused strategy and capitalise on its market leading positions
- The consideration for the Transaction is calculated on the basis of an enterprise value of £75m, subject to customary adjustments in respect of certain amounts such as working capital, cash intercompany balances and external debts. In addition, the Transaction includes a contingent consideration element in respect of certain R&D expenditure credit and other tax claims
- Completion of the Transaction is expected to occur during the first half of 2025, subject to receipt of customer and customary regulatory clearances
- In addition, the Group is pleased to announce the following updates:
 - A separate sale process for Chirton Engineering, which forms a part of the Wider Engineering Division and which is a wholly owned subsidiary located in North Tyneside, UK, specialising in the precision machining of highly complex components and assemblies, is underway and progressing positively;
 - Completion of the disposal of six non-core properties since 31 August 2024, generating proceeds of approximately £4.0m, with two remaining property sales in progress and expected to complete in FY25;
 - Defined Benefit Pension Scheme buy-in near finalisation, with de-risking expected to be in place by the second half of FY25; and
 - Rightsizing of central resources to support the ongoing Agricultural Division, with FY25 being a transitional year, with approximately £1.0m+ p.a. expected to be removed from the cost base and the medium-term objective to reduce net central costs to nil continues to progress as planned.

This summary should be read in conjunction with the whole of this announcement, including its Appendices. Certain capitalised terms in this announcement bear the meanings set out in Appendix 4.

Tim Jones, Non-Executive Chairman of Carr's, commented:

"This is a transformative moment for Carr's and one which we expect to deliver real value to all shareholders. The Agriculture business is particularly well-positioned for growth, with strong product offerings, strategic market presence and a clear focus on delivering ongoing shareholder value."

David White, Chief Executive Officer of Carr's, commented:

"I am delighted that we have been able to execute this critical step in our strategy, one which leaves us able to focus on the global opportunities for our Agriculture business. Our specialist product portfolio provides a strong base for profitable growth in both existing and new markets. The hard work of all colleagues across the Engineering Division has been key to the success of the Group in recent years and I wish them the very best for the future."

has been key to the success of the Group in recent years and I wish them the very best for the future.

Strategic Rationale

Today's announcement represents a significant milestone in Carr's' pursuit to maximise shareholder value. The Transaction follows the previously announced review of the Group's operational performance, structure, and composition. It had become clear that driving performance across two divisions (Agriculture and Engineering) was an inefficient and generalist operating model, particularly in light of the absence of synergistic benefits and the resulting central overhead costs.

The Engineering Division is comprised of quality businesses, supported by its increasing profitability and promising future prospects. The Engineering Division manufactures vessels, precision components and remote handling systems, and provides specialist engineering services, for the nuclear and defence industries. It is located across six sites in the UK, the US and Germany. Revenue for FY24 was approximately £51.1m, supported by an order book of approximately £54.0m at 31 August 2024. This makes it an optimal time to dispose of the Engineering Division and capitalise on the current value opportunity.

The Board believes that this strategic bifurcation will enable the Continuing Group to operate as a pure-play global Agriculture business, streamlining the organisational structure, developing the specialist product portfolio, enhancing financial and operational efficiencies, and sharpening management and investment focus. The transformation of the Agriculture business, under the new leadership team, is progressing well and at an accelerated pace.

While trading conditions remain challenging, Carr's is leveraging its strong brands and solid foundations to prepare for growth and further enhance its market position in alignment with the anticipated macroeconomic recovery. Carr's remains confident in its ability to create significant incremental value within the Agriculture Division over the long term.

Agriculture Strategy

The Agriculture Division manufactures and sells research proven livestock supplements as feed licks, blocks, bagged minerals and boluses. The business operates manufacturing sites across three different countries and sells to over 20 countries under five market leading brands.

It has recently been reorganised into a single, global specialist business with an integrated leadership team. New leadership has set out a strategic plan designed to drive shareholder returns and growth by leveraging our feed supplement expertise as a global specialist for extensive, grazing based food systems. The team is led by Josh Hoopes, CEO of the global Agriculture business, supported by Zach Westberg (President, New Generation Supplements (US)), Charlie Battle (UK Commercial Director) and Mark Meyrick (UK Operations Director).

The 'Agriculture Strategy' is comprised of three elements:

1. Improve operating margin across the global portfolio;
2. Deliver profitable commercial growth in the core business; and
3. Expand into new, extensive, grazing based growth geographies.

Good progress is already being made across all three pillars with early deliverables including:

- the recent sale and disposal of the assets of Afgritech, a non-core, commodity-based business;
- the introduction of operational excellence and cost improvement programmes;
- local personnel changes made in US Oklahoma and UK Animax manufacturing sites;
- the establishment of the 'Global New Product Development' programme with an increased budgeted spend; and
- the agreement of a new distribution model for the New Zealand market.

The Group also expects underlying market conditions in the UK to continue to improve in the near term with US market contraction to end during 2025 and rebuilding of cattle herds to commence thereafter.

Globally, the Organisation for Economic Co-operation and Development (OECD) has forecast beef consumption will increase to 76Mt between 2020 and 2029¹, while the Food and Agriculture Organisation (FAO) predicts global protein availability from beef will rise 8% in the 10 years to 2031.¹ The Directors believe the Agriculture Division is well-positioned to benefit from this growth with its strong product offerings. This, coupled with the Division's existing strategic market presence and core business focus, the Board expects to deliver shareholder value as a pure-play strategic agriculture business.

Use of Proceeds

Following Completion, it is the Board's intention to use the net proceeds from the Transaction to return capital to shareholders. The intention is to return capital by way of a tender offer of up to £70m, subject to market conditions and, if required, the approval of shareholders. The quantum, timing and form of any such return of capital shall be at the discretion of the Board and is subject to the Board continuing to believe that such action is in the best interests of shareholders at the time. Further details of the Capital Return (including the quantum, timing and form) will be announced in due course.

Next steps and timetable

Completion of the Transaction is, as noted above, conditional on the receipt of customer and customary regulatory clearances.

Completion is expected to take place in the first half of 2025.

Notes:

¹ Source: OECD-FAO Agricultural Outlook 2023-2032

ENDS

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About Carr's Group plc:

Carr's is a leading manufacturer and provider of value added products and solutions, with market leading brands and robust market positions in Agriculture and Engineering, supplying customers around the world. Carr's operates a business model that empowers operating subsidiaries enabling them to be competitive, agile, and effective in their individual markets whilst setting overall standards and goals.

The Agriculture Division manufactures and sells research proven livestock supplements in block, bagged mineral and bolus formats.

The Engineering Division manufactures vessels, precision components and remote handling systems, and provides specialist engineering services, for the nuclear, defence and oil and gas industries.

About Cadre:

Cadre is a premier global provider of trusted, innovative, high-quality safety and survivability products for first responders, federal agencies, and outdoor/personal protection markets. Cadre is a public company on the New York Stock Exchange with corporate offices in Jacksonville, Florida.

For over 60 years, Cadre has been prominent internationally in the manufacturing and distribution of safety equipment for professionals. Cadre's equipment provides critical protection which allows its users to safely perform their duties and protect those around them in hazardous or life-threatening situations. Cadre sells a wide range of products including body armour, explosive ordnance disposal equipment, duty gear and nuclear safety products through both direct and indirect channels.

Further Information

Background to and rationale for the Transaction

In recent years, the Board of Carr's has maintained its commitment to optimise the value of the quality assets and businesses within the Group's divisions. In January 2022, the Board announced a strategic review of all three of the Group's divisions at the time, namely, the Agricultural Supplies Division, the Agriculture Division and the Wider Engineering Division. The review concluded that Carr's should focus on its higher margin, differentiated Agriculture and Wider Engineering divisions, both with an international customer base and recognised market-leading brands whilst recognising there were limited practical opportunities for synergies across the divisions.

As a first step, the Company completed the sale of the Agricultural Supplies Division for a gross consideration of approximately £44.5m in October 2022. The disposal of the Agricultural Supplies Division enabled Carr's to focus on its remaining Agriculture and Wider Engineering Divisions and made available funding for strategic growth and investment, thereby enabling the Company to continue to build upon its industry-leading positions in these two higher margin divisions. The Group has since focussed on improving the performance of both Divisions.

Having divested the Agricultural Supplies Division and transitioned all associated activities, the Board has sought to create incremental shareholder value in both remaining Divisions, through capitalising on revenue growth opportunities, driving down costs and delivering efficiencies throughout the markets in which Carr's operates.

Following changes to the Board and Executive team, and as a result of discussions with its major shareholders, the Board launched a review of the performance, composition and organisation of the Group's operations in December 2023. The conclusion of the review was that continuing with two Divisions (Agriculture and Engineering) is an inefficient and generalist operating model, particularly given the lack of synergistic benefits and resultant central overheads, both of which are dilutive to management's, and investment, focus. The Board believes that both the Wider Engineering Division and the Agriculture Division hold material value creation opportunities, however, the Agriculture Division will be optimised in the medium term, whilst the Wider Engineering Division represents a near-term opportunity. The Board engaged professional advisers and launched a process to explore options, including a sale of the Wider Engineering Division, to maximise shareholder value.

Having conducted an extensive process, Carr's received a strong level of interest from parties potentially interested in buying the Engineering Division. Following engagement with select parties, it became apparent that Cadre's proposal represented the best option to unlock significant value for shareholders. In reaching an agreement with Cadre, the Board believes that it has achieved an attractive result for the Company and its shareholders with a Capital Return by way of a tender offer intended to be launched in due course.

Further to the above, Chirton Engineering, a wholly owned subsidiary of the Company located in North Tyneside, UK, specialising in the precision machining of highly complex components and assemblies, is not included within the sale of the Group's Engineering Division. Chirton Engineering contributed approximately 15% of the total Engineering Division revenue in FY24. The Board confirms that a separate sale process is underway and continues to progress positively.

About the Engineering Division

The Engineering Division manufactures vessels, precision components and remote handling systems, and provides specialist engineering services, for the nuclear and defence industries.

More specifically, the Engineering Division provides customers, predominantly in the nuclear power and defence sectors, with specialist fabrication and precision engineering, robotics, and engineering solutions across six sites in the UK, the US and Europe. This multidisciplinary expert Division has a strong reputation across the market which is reflected in the improving order book currently in place. By providing patented processes and innovative solutions alongside highly skilled fabrication techniques, the Group's Engineering Division has become a go-to for specialist advice and support across the world. The engineering companies are especially well regarded in the growing nuclear market as governments seek to improve energy security and reduce the dependence on fossil fuels. The nuclear market and the defence industry take confidence in the Division's industry accreditations and quality assurance awards. The businesses strive for excellence in all aspects of the products and services they deliver and remain focused on the continual improvement of their design and production capabilities.

The Engineering Division's main operational sites are located across the United Kingdom, with other sites across Europe and the United States. There are approximately 285 employees with the day-to-day business led by the managing directors of three businesses. The managing directors of the businesses are Sean Saunders (UK Engineering), Claudia Reich (Robotics) and Erich Keszler (US Engineering).

In FY24, the Engineering Division contributed revenue of approximately £51.1m and an adjusted operating profit of approximately £7.8m to the Group, reporting an adjusted operating margin of approximately 15% (unaudited). The gross assets of the Engineering Division as at 31 August 2024 totalled approximately £77.6m (unaudited). Appendix 2 includes key unaudited historic financial information on the Engineering Division.

About the Agriculture Division

The Agriculture Division manufactures and sells research proven livestock supplements in block, bagged mineral and bolus formats.

Through its production of feed supplements, the Agriculture Division enables farmers to optimise forage and grass-based nutrition systems, and by doing so, the Division supports their ability to raise healthy animals in an efficient, high welfare environment and in a responsible way. The Agriculture Division provides this support by producing nutritional supplements which provide the appropriate quantities into the animal at the correct time and deliver a return on investment to the farmer.

Despite difficult market conditions at the present time, Agriculture's products create value for all stakeholders with tried and tested formulas which continue to develop and improve.

The Agriculture Division has globally respected brands, with products developed by industry experts and trusted to deliver positive results within the animals. The business has several patented products supported with global results from independent, university trials. Every product produced and sent to market by this Division is underpinned by expert research to ensure that the products deliver high quality and outcome to the customer.

In FY24, the Agriculture Division contributed revenue of approximately £88.0m and an adjusted operating profit of approximately £4.7m to the Group, reporting an adjusted operating margin of approximately 5%. The gross assets of the Agriculture Division as at 31 August 2024 totalled approximately £49.0m.

Effect of Transaction on the Group

Following Completion, Carr's Group will no longer receive the profit and cash contributions that the Engineering Division has made to the consolidated Group. The Continuing Group will consist of the Agriculture Division, comprising a global leadership team, manufacturing sites across three different countries and several market leading brands. As noted above, a separate sale process is underway with respect to Chirton Engineering.

Carr's continuing operations will focus on improving operating margins across its global agriculture portfolio, delivering profitable commercial growth in the core business and expanding into new, extensive, grazing based growth geographies. With improved capital allocation and the ability to make additional centralised cost savings, the Board believes the Agriculture Division is well-positioned to develop its strong product offerings and strategic market presence.

The sale of the Engineering Division supports Carr's strategic transition to a pure-play agriculture business and improves the Group's long-term quality of earnings potential, with sector expertise now in place to lead the business.

Further details of the Transaction

Further details of the principal terms of the Transaction are set out in Appendix 1 to this announcement.

The Transaction, because of its size in relation to Carr's, constitutes a 'Significant Transaction' for the purposes of the UK Listing Rules made by the Financial Conduct Authority (the "FCA") for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended), which came into effect on 29 July 2024 (the "UKLRs") and is therefore notifiable in accordance with UKLR 7.3.1R and 7.3.2R. In accordance with the UKLRs, the Transaction is not subject to shareholder approval.

Lenders

As noted in the Group's FY24 Annual Report and Accounts, the Group remains in a net cash position, supported by bank facilities which were renewed in December 2023 and fall due for expiry in December 2026. The change in the Group's size and structure following a disposal of the Engineering Division is likely to result in a reduction in the Group's facilities, to a level more commensurate with the remaining business.

Pension Scheme

The Group operates defined contribution and defined benefit pension schemes, with the defined benefit scheme being closed to new members and future accrual. During FY24 the Board, working with the defined benefit scheme trustees, explored the viability of conducting a 'buy-in' of the pension scheme in order to de-risk the future position of both the Company and members. The liabilities of the defined benefit scheme relating to the Engineering Division will be transferred to Carr's Group plc to ensure there is no negative impact on the position of scheme members.

Board's views on the Transaction

The Board of Carr's believes that the Transaction represents a positive outcome for all stakeholders, delivering substantial cash consideration, fully reflecting the intrinsic value of the Engineering Division and providing strong foundations that will underpin the future strategy of the Agriculture Division. Therefore, the Board believes that the Transaction is in the best interests of Carr's shareholders as a whole.

IMPORTANT NOTICES

This announcement has been issued by, and is the sole responsibility of, Carr's.

This announcement contains inside information as defined under assimilated Regulation (EU) No. 596/2014 which is part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("MAR"). The person responsible for arranging the release of this announcement on behalf of Carr's is Justin Richards.

No offer or solicitation

This announcement is not a prospectus and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to purchase, acquire, subscribe for

acquire, subscribe for, sell, dispose of or issue, or any variation of any offer to purchase, acquire, subscribe for, sell, dispose of or issue, any security.

Overseas jurisdictions

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable restrictions or requirements. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdictions. To the fullest extent permitted by law, Car's disclaims all and any responsibility or liability for the violation of such restrictions by such person.

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'intends', 'hopes', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include matters that are not facts. They appear in a number of places throughout this announcement and include statements regarding the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Group's and, following Completion, the Continuing Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group and, following Completion, the Continuing Group operate. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: conditions in the markets; the market position of each of the Group and, following Completion, the Continuing Group; earnings, financial position, cash flows, return on capital and operating margins of the Group and, following Completion, the Continuing Group; anticipated investments and capital expenditures of the Group and, following Completion, the Continuing Group; changing business or other market conditions; and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the UKLRs, the FCA's Disclosure Guidance and Transparency Rules or any other applicable law or regulation, neither the Company nor Investec Bank plc or any other adviser of the Company undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward looking statements, which speak only as of the date of this announcement.

Shareholders should carefully review the risk factors which are set out in Appendix 3 (*Additional Information*) of this announcement for a discussion of factors that could cause the Company's actual results to differ materially from those expected before making a decision. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

No profit forecast

Nothing in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

Rounding

Certain figures included in this announcement have been rounded. Accordingly, figures shown for the same category may vary slightly and figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Appendix 1 - Principal terms of the Transaction

Parties and structure

The Transaction is governed by a share purchase agreement entered into between the Company, Zircaloy Holdings, LLC (the "**Purchaser**") and Cadre on 16 January 2025. Pursuant to the Share Purchase Agreement and subject to the Conditions (as defined below), the Company has agreed to sell and the Purchaser has agreed to purchase (i) 40,750 A ordinary shares of £1.00 each and 9,682,460 ordinary shares of £1.00 each in the capital of the UK Target and (ii) 100 common stock of US 0.01 each in the capital of the US Target.

Conditions

The Completion of the Transaction is subject to the fulfilment of each of the conditions set out in the Share Purchase Agreement, which include matters relating to (i) the UK National Security and Investment Act 2021; (ii) German foreign direct investment laws; and (iii) confirmation by the Company to the Purchaser that it has notified relevant counterparties to applicable material contracts of a change of control and/or obtained confirmation from any counterparty to a material contract of the Engineering Division (the "**Conditions**"). If all of the Conditions have not been satisfied or (where applicable) waived prior to 31 August 2025 (or such later date as the parties may agree), the Share Purchase Agreement shall terminate and Completion will not occur.

The Company has also provided customary undertakings relating to the operation of the business that is the subject of the Transaction in the period pending Completion. The Purchaser has agreed to various commitments relating to the satisfaction of the Conditions.

Consideration

The consideration for the Transaction is calculated on the basis of an enterprise value of £75m, subject to customary adjustments in respect of certain amounts such as working capital, cash intercompany balances and external debts. In addition, the Transaction includes a contingent consideration element in respect of certain R&D expenditure credit and other tax claims.

In addition, any payments made by any member of the Engineering Division to the Company or any other member of the Continuing Group from 1 September 2024 to Completion which are not permitted pursuant to the Share Purchase Agreement shall be deducted from the consideration payable by the Purchaser to the Company on Completion or otherwise repaid to the Purchaser by the Company.

Warranties and indemnities

WARRANTIES AND INDEMNITIES

The Company has given certain fundamental warranties pursuant to the Share Purchase Agreement relating to matters such as its title to the share capital in the UK Target and the common stock in the US Target, its capacity and solvency.

The Company has also given certain indemnities, including in respect of its Defined Benefit Pension Scheme and certain tax matters.

The Share Purchase Agreement limits the liability of the Company for a claim in respect of the business warranties, an indemnity in respect of the pre-sale reorganisation of Chirton Engineering and certain provisions of the tax deed to £1, except in the case of a claim arising out of fraud or fraudulent concealment by the Company.

Other matters

The Company has provided certain non-compete undertakings not to be engaged or concerned or interested in any business within certain geographies competing with the business that is the subject of the Transaction within three years, as well as non-solicit undertakings regarding customers and employees of the business that is the subject of the Transaction.

Purchaser guarantor

Cadre has provided a guarantee in favour of the Company relating to the performance by the Purchaser of its obligations under the Share Purchase Agreement.

Governing law and jurisdiction

The Share Purchase Agreement is governed by English law and the parties have agreed that the courts of England shall have exclusive jurisdiction to hear and decide any dispute in connection with the Share Purchase Agreement.

Appendix 2 - Historical financial information relating to Carr's Engineering Division

CONSOLIDATED INCOME STATEMENT FOR THE TARGET GROUP FOR THE YEARS ENDED 2 SEPTEMBER 2023 AND 31 AUGUST 2024

	Unaudited (£m)	
	YE 31 Aug 2024	YE 2 Sept 2023
Revenue	51.1	40.4
Cost of sales	(33.0)	(25.9)
Gross profit	18.1	14.5
Adjusted operating expenses	(10.3)	(9.9)
Adjusted operating profit	7.8	4.6
Adjusting items	(0.5)	(2.3)
Operating profit	7.3	2.3
Finance costs	(1.1)	(1.5)
Profit before tax	6.2	0.8
Taxation	(1.8)	(0.7)
Profit after tax	4.4	0.1

CONSOLIDATED BALANCE SHEET FOR THE TARGET GROUP AT 31 AUGUST 2024

	Unaudited (£m)
	At 31 Aug 2024
Goodwill and other intangible assets	19.4
Property, plant and equipment	12.4
Right of use assets	7.6
Deferred tax assets	0.4
Non-current assets	39.8
Inventories	9.5
Contract assets	9.2
Trade and other receivables	12.2
Current tax assets	2.1
Cash and cash equivalents	4.8

Current assets	37.8
Total assets	77.6
Borrowings	(9.5)
Leases	(1.0)
Contract liabilities	(5.0)
Trade and other payables	(6.3)
Current tax liabilities	(0.6)
Current liabilities	(22.4)
Borrowings	(11.9)
Leases	(6.0)
Deferred tax liabilities	(3.0)
Other non-current liabilities	(0.0)
Non-current liabilities	(20.9)
Total liabilities	(43.3)
Total net assets	34.3

Note: Basis of preparation

The unaudited historical financial information relating to Carr's Engineering Division (excluding Chirton Engineering) has been extracted without material adjustment from the schedules that support the audited consolidated financial information of Carr's Group plc as at and for the two financial years ended 31 August 2024.

The unaudited historical financial information as presented has been prepared using the accounting policies of Carr's Group plc, as adopted in the published consolidated financial statements for each of the financial years presented. These accounting policies comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that are endorsed for use in the UK. The Directors consider that this approach provides a reasonable basis for the presentation of the unaudited historical financial information for the Engineering Division.

Appendix 3 - Additional Information

1. Risk Factors

The risks disclosed below are those which the Company considers are material to the proposed Transaction, will be material to the Continuing Group as a result of the proposed Transaction, or are existing material risk factors to the Group which will be impacted by the proposed Transaction.

i. RISKS RELATING TO THE TRANSACTION

a) The Transaction may be delayed or fail to proceed to Completion

Completion is subject to, and can only occur upon the satisfaction of the conditions precedent, including the consent of relevant regulatory authorities in the UK and Germany. Completion is also conditional on receipt of consents from counterparties to certain contracts that are material to the Engineering Division.

There can be no assurance that each of the conditions described above will be satisfied (or waived, if applicable) and therefore, the Transaction may not proceed to Completion.

Completion is also subject to the Company and the Purchaser having delivered certain deliverables prior to or on the date of Completion. Any failure on the part of the Company and/or the Purchaser to comply with any of the aforementioned obligations could result in the Transaction being delayed or not completing at all.

If the Transaction does not proceed to Completion, the Group will not receive the Company will not receive the consideration from, and may not receive any other potential benefits of, the Transaction. This may erode confidence among shareholders and other relevant stakeholders which could, in turn, have a material adverse effect on the business, financial condition, operating results or prospects of the Group.

In addition, there can be no guarantee that the Company will be able to agree another transaction involving the Engineering Division on terms which are more equivalent to, or more favourable than, the terms of the Transaction.

b) If the Transaction does not complete, the Group would lose the benefits of the sale proceeds and incur transaction costs

If the Transaction does not complete, the Group will not receive the cash proceeds from, nor realise any of the potential benefits of, the Transaction. In such circumstances, the transaction and other costs incurred by the Group in connection with the Transaction (including the costs of negotiating the Share Purchase Agreement) would not be offset by such cash proceeds.

Furthermore, the Company's ability to deliver shareholder value may be prejudiced such that the Company will not be able to deploy the proceeds from the Transaction and it may impact the perceived value of the Engineering Division to investors. Either or both of these could have a material adverse effect on the business, financial condition, operating results or prospects of the Group.

c) The Company may incur liability under the Share Purchase Agreement

The Share Purchase Agreement contains customary warranties, indemnities, covenants and other contractual protections given by the Company in favour of the Purchaser. The Purchaser has undertaken a customary due diligence exercise and has put in place a warranty and indemnity insurance policy ("**W&I Insurance**") in respect of certain liabilities of the Company typical for a transaction of this nature. However, such W&I Insurance may not operate so as to preclude the possibility of claims being made against the Company.

There is also the potential for other claims that are not subject to the W&I Insurance to be made against the Company under the Share Purchase Agreement, including in respect of a breach of contract claim, a breach of confidentiality claim or a claim under certain of the indemnities.

Although the Share Purchase Agreement contains some customary limitations relating to the liability of the Company, any liability to make a payment arising from a successful claim by the Purchaser under any of the relevant provisions of the Share Purchase Agreement would reduce the consideration and could have an adverse effect on the business, financial condition, cash flow or prospects of the Group.

d) Pre-closing changes in the Engineering Division

During the period from the signing of the Share Purchase Agreement on 16 January 2025 to Completion, unforeseen events or developments may occur, including trading, operations or outlook of the Continuing Group or the Engineering Division, or external market factors, which could make the terms of the Share Purchase Agreement less attractive for the Group. Subject to the terms of the Share Purchase Agreement, the Company may be required to complete the Transaction, notwithstanding such events or developments. This may have an adverse effect on the business, financial condition, operating results or prospects of the Group.

ii. NEW MATERIAL RISKS RELATING TO THE CONTINUING GROUP

a) The Company will be less diversified and its revenue stream will be reduced, which may be less attractive to investors following Completion

The Transaction involves a material change to the Group's business and the Continuing Group will be smaller as a result. Following Completion, the Continuing Group will be less diversified and will be more susceptible to adverse developments in the Division the Group continues to operate, being the Agriculture Division. A material change in the trading, operations or outlook of the Agriculture Division may have an adverse effect on the business, financial condition, operating results or prospects of the Continuing Group.

This could have a significant impact on the Company's share price and may mean that the Company is less attractive to investors. This could also result in the Company being more susceptible to adverse economic changes than would have been the case prior to the Transaction and the Company could be more vulnerable to a takeover approach, which may have adverse consequences for shareholders (whether by reason of resulting share price fluctuation or a change in ownership of the Company on terms unfavourable or potentially unfavourable to existing shareholders).

b) There may be an adverse impact on the Group's reputation

If the Transaction does not proceed, there may be an adverse impact on the reputation of the Group due to amplified investor, customer, supplier, employee and media scrutiny arising in connection with the proposed Transaction. Any such reputational risk could adversely affect the business, financial condition, operating results or prospects of the Group.

iii. EXISTING MATERIAL RISKS TO CARR'S GROUP THAT WILL BE IMPACTED BY THE TRANSACTION

a) The Continuing Group may not be able to realise its strategy

There is no certainty and no representation or warranty is given by any person that the Continuing Group will be able to achieve any of its strategic aims or returns referred to in this announcement. The financial operations of the Continuing Group may be adversely affected by general economic conditions, by conditions within the global financial markets generally or by the particular financial condition of other parties doing

business with the Continuing Group.

b) The market price of Ordinary Shares may fluctuate on the basis of market sentiment surrounding the Transaction

The value of an investment in the Ordinary Shares may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted, the price which investors may realise for their Ordinary Shares and general liquidity in the market for the Ordinary Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the industry, markets and segments in which the Group operates as a whole, other comparable companies or publicly traded companies as a whole. The sentiment of the stock market (both over the long and short-term) regarding the Transaction is one such factor which could lead to the market price of the Ordinary Shares going up or down as well as impacting liquidity in the Ordinary Shares. The other factors that may affect the Company's share price include, but are not limited to, (a) actual or anticipated fluctuations in the financial performance of the Continuing Group or its competitors, (b) market fluctuations, (c) legislative or regulatory changes in the markets and segments in which the Continuing Group operates, and (d) the fluctuation in national and global political, economic and financial conditions.

2. Material Contracts

i. Continuing Group

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) to which the Company or any other member of the Continuing Group is or has been a party: (i) within the two years immediately preceding the date of this announcement which is, or may be, material to the Continuing Group; or (ii) at any time, which contains provisions under which the Company or any other member of the Continuing Group has any obligation or entitlement which is, or may be, material to the Continuing Group:

a) Share Purchase Agreement

A summary of the Share Purchase Agreement is set out in Appendix 1 of this announcement.

b) Relationship Agreement

Parties and structure

The Company and Harwood Capital Management Limited ("**Harwood**") entered into a relationship agreement on 20 February 2023 (the "**Relationship Agreement**"), the principal purpose of which is to regulate the ongoing relationship between the parties and to ensure that the Company is capable of operating its business independently of Harwood and its associates.

Undertakings

The Relationship Agreement contains undertakings that Harwood shall, and shall procure that its associates shall:

- a. not take any action which would have the effect of preventing the Company or any other member of the Group from carrying on its business independently of Harwood and its associates;
- b. not influence the day-to-day running of the Company;
- c. not take any action (or omit to take any action) which would (i) be prejudicial to the Company's status as a listed company or the Company's eligibility for listing on the official list of the FCA (the "**Official List**") or (ii) reasonably be expected to have the effect of preventing the Company from complying with its ongoing obligations under MAR, the UKLRs, the Disclosure Guidance and Transparency Rules (to the extent applicable), the requirements of the London Stock Exchange and FSMA;
- d. conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis;
- e. as soon as reasonably practicable, provide to the Company any information in its or its associates' control which the Company reasonably requests to ensure that all transactions and relationships between the Company and Harwood are at arm's length and on a normal commercial basis;
- f. not vote in favour of, or propose, any resolution to amend the articles of association of the Company which would be contrary to the principle of the independence of the Company from Harwood;
- g. not vote in connection with any resolution that relates to (i) an arrangement or transaction between the Company or its Group on the one hand and Harwood and its associates on the other hand, or (ii) any related party transaction involving Harwood or any of its associates;
- h. not vote to prevent the Company being managed in accordance with the principles of good governance set out in the UK Corporate Governance Code published by the Financial Reporting Council or to the extent expressly required by applicable provisions of English law; and
- i. notify the chair of the Company (or, in his absence, such other office as provided for under the Company's share dealing code) sufficiently in advance of any proposed dealing by it or any of its

company's share dealing code, exercising its powers of any proposed dealing by itself or its associates in shares or other securities of the Company.

The Relationship Agreement provides that none of the obligations described above (nor any other provision of the Relationship Agreement) will prevent Harwood from exercising the voting rights attaching to its shares as it sees fit in its absolute discretion, except where to do so would result in a breach of the terms of the Relationship Agreement, the UKLRs or other applicable law or regulation.

Nominated Director

In accordance with the terms of the Relationship Agreement, Harwood (by notice given by it to the company secretary of the Company at the registered office of the Company or by notice tabled at a meeting of the Board) is entitled to appoint Martin Rowland to be a director of the Company. Mr Rowland was appointed as a director of the Company in accordance with this provision on 6 March 2023.

Termination

The Relationship Agreement will terminate upon the earlier of:

- a. the parties agreeing in writing to terminate the Relationship Agreement;
- b. Harwood (together with its associates) ceasing to hold at least 5 per cent. of the Ordinary Shares or the voting rights attaching to the shares; and
- c. the Ordinary Shares ceasing to be admitted (i) to listing on the Official List and to trading on the main market for listed securities of the London Stock Exchange, or (ii) to trading on another recognised UK stock exchange (including AIM, a market operated by the London Stock Exchange).

Either party may also terminate the Relationship Agreement by providing six months' written notice to the other party or immediately upon a material breach of the Relationship Agreement by the other party.

Governing law and jurisdiction

The Relationship Agreement is governed by English law and the parties have agreed that the courts of England shall have exclusive jurisdiction to hear and decide any dispute in connection with the Relationship Agreement.

ii. Engineering Division

No contracts have been entered into (other than contracts entered into in the ordinary course of business) to which the Engineering Division is or has been a party: (i) within the period of two years immediately preceding the date of this announcement, which is or may be material to the Engineering Division; or (ii) at any time, which contains provisions under which the Engineering Division has any obligation or entitlement which is, or may be, material to the Engineering Division.

3. Legal or Arbitration Proceedings

i. Continuing Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the Company's and/or the Continuing Group's financial position or profitability.

ii. Engineering Division

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the Engineering Division's financial position or profitability.

4. Significant Change

i. Continuing Group

There has been no significant change in the financial position or financial performance of the Continuing Group since 31 August 2024, being the end of the last financial period for which audited financial statements have been published.

ii. Engineering Division

There has been no significant change in the financial position or financial performance of the Engineering Division since 31 August 2024, being the end of the last financial period for which the historical financial information relating to the Engineering Division in Appendix 2 of this announcement was prepared.

5. Related Party Transactions

Save as disclosed in the Company's previously published annual reports and financial statements the Company has not, during the period since 1 September 2024, entered into any related party transactions which are relevant to the Transaction.

Appendix 4 - Definitions

The following definitions apply in this document unless the context otherwise requires:

"Adjusted EBITDA"

earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets, before share of post-tax results of the associate and joint ventures and excluding items regarded by the Directors as adjusting items

"Agriculture Division"

the Company's agriculture division, comprising feed blocks, mineral supplements and animal health businesses in the UK, Europe, North America and New Zealand

"Board"	the board of directors of the Company
"Cadre"	Cadre Holdings, Inc.
"Capital Return"	the proposed return capital to shareholders by way of a tender offer
"Carr's" or "Company"	Carr's Group plc
"Completion"	the completion of the Transaction in accordance with the terms of the Share Purchase Agreement
"Conditions"	the conditions as set out in the Share Purchase Agreement which are more fully described in Appendix 1 of this announcement
"Continuing Group"	the Group excluding the Engineering Division
"Chirton Engineering"	Chirton Engineering Ltd
"Defined Benefit Pension Scheme"	the Group's defined benefit pension scheme
"Directors"	the directors of the Company and "Director" means any one of them
"Divisions"	the Wider Engineering Division and the Agriculture Division and "Division" means either of them
"Engineering Division"	the Company's engineering division, comprising the Company's interests in the UK Target and the US Target
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended
"FY24"	the financial year ended 31 August 2024
"FY25"	the financial year ended 31 August 2025
"Group"	the Company and its subsidiary undertakings from time to time
"Harwood"	Harwood Capital Management Limited
"Investec"	Investec Bank plc
"MAR"	assimilated Regulation (EU) No. 596/2014 which is part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended)
"Official List"	the official list of the FCA
"Ordinary Shares"	ordinary shares of 2.5 pence each in the capital of the Company
"Purchaser"	Zircaloy Holdings, LLC
"Relationship Agreement"	the relationship agreement between the Company and Harwood dated 20 February 2023
"Share Purchase Agreement"	the share purchase agreement between the Company and the Purchaser dated 16 January 2025
"Transaction"	the proposed disposal of the Engineering Division to the Purchaser
"UK Target"	Carr's Engineering Limited
"UKLRs"	the UK Listing Rules made by the FCA for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended), which came into effect on 29 July 2024
"US Target"	Carr's Engineering (US), Inc.
"W&I Insurance"	warranty and indemnity insurance
"Wider Engineering Division"	the Company's full engineering division, comprising the Company's interests in Carr's Engineering Limited and Carr's Engineering (US), Inc. as well as Chirton Engineering

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