Annual Report and Financial Statements

for the year ended 31 December 2022

2022

SigmaRoc PLC

Registered number: 05204176
Registered address: 6 Heddon Street, London, W1B 4BT

Carrières du Hainaut recently welcomed His Majesty, the King and Her Majesty, the Queen of Belgium to visit the quarry in Soignies

Sigma Roc

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Underlying[1] results

REVENUE	538.0m	+98%	31 December 2021: £272.0m
EBITDA	£101.7m	+106%	31 December 2021: £49.3m
EBITDA MARGIN	18.9%	+80bps	31 December 2021: 18.1%
NET MARGIN[2]	21.8%	+140bps	31 December 2021: 20.4%
PROFIT BEFORE TAX	£62.7m	+134%	31 December 2021: £26.8m
EPS	8.0p	+49%	31 December 2021: 5.4p
NET DEBT[3]	£193.8m	+18%	31 December 2021: £164.0m
LEVERAGE RATIO[4]	1.77x	+5%	31 December 2021: 1.70x
CCR	86.6%	+27ppt	31 December 2021: 60.0%
FREE CASH FLOW[5]	£54.3m	+83%	31 December 2021: £29.7m
ROIC	10.7%	+310bps	31 December 2021: 7.6%

[1] Underlying results are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense. References to an Underlying profit measure throughout this Annual Report are defined on this basis.
[2] Net Margin is EBITDA margin adjusted for impact of inflationary cost pass-throughs, such as energy, materials, and distribution.
[3] Net debt including IFRS 16 lease liabilities.
[4] Leverage Ratio takes Adjusted Leverage Ratio and excludes IFRS 16 related lease liabilities.
[5] Free Cash Flow takes net cash flows from operating activities and adjusts for Maintenance CapEx, net interest paid, and net non-underlying expenses paid.

FINANCIAL

RECORD RESULTS, EARNINGS ENHANCING ACQUISITIONS UNDERPINNED BY ORGANIC GROWTH

- Another year of strong delivery, with full year results ahead of original expectations[6]
- Organic LFL revenue grew by 19% and Underlying EBITDA by 9%
- Underlying EPS increased by 49% YoY
- Ongoing focus on efficiency, with £5m of annualised EBITDA improvement initiatives delivered across the Group

INCREASED RETURNS AND STRONG FINANCIAL POSITION

- Strong cash generation with £54m Free Cash Flow and 87% Cash Conversion Ratio supporting investment in bolt-on acquisitions and investment for organic growth
- Adjusted Leverage Ratio comfortably below 2x target, despite continued growth investment
- ROIC increased 310bps to 10.7%, with clear path to medium term target of 15%

GROWTH

- LFL volume growth of 1%, despite softer demand conditions through the year in certain markets
- Benefited from broad diversification in both end markets and regions:
- West region volumes grew 11% LFL and Baltics Platform volumes grew 24% LFL
- Poundfield Products grew volumes by 8% LFL, helping offset softening elsewhere in the PPG Platform
- Local focus, responsibility and commercial strategy supported market share gains in all regions
- Sustainable products saw continued strong demand, with Greenbloc on track to represent c.50% of PPG production by the end of 2023

INVESTMENT

- Successful integration of Nordkalk with synergies representing annualised EBITDA contribution of €5m identified in the year
- Three acquisitions completed for a net initial cash consideration of £44.6m with average multiple of 7x EBITDA funded from operational cash flow
- Investment to secure additional 216 million tonnes of high grade and strategic Reserves and Resources, equating to >40 years of production
- Launch of JV with ArcelorMittal provides framework for expansion of the Group's lime business in Europe and create a new net-zero producer

OPERATIONAL AND STRATEGIC

DIVISIONAL STRUCTURE

- New divisional structure implemented with regional head coordinating activities of platforms captured within the region
- The Group's existing platforms are divided between the North West, West and North East and the Group intends to report key financial and performance metrics by region going forward

EXECUTION

- Continued progress with safety initiatives – both Total Incident Frequent Rate (TIFR) and Serious Harm Injury Frequency Rate (SHIFR) improved by 13% and 19%
- Aqualung partnership to launch carbon capture facility in the Nordics with objective of de-carbonising all kiln operations
- Published maiden ESG report with net-zero target set for 2040

[6] Company compiled analyst consensus estimates as of 12 December 2022: revenue of £512m, Underlying EBTIDA of £97m and Underlying EPS of 7p.

The Group in numbers

Reserves and resources
1.6Btn

Net debt/ net assets
0.4x

Assets
£906m

Net assets
£468M

REVENUE GROWTH

2017
£27m

2022
£538m

2017-2022 CAGR
82%

Av. acquisition multiple pre synergies
6.9x

Av. acquisition multiple pre synergies and improvements
4.9x

Sites
80

Years since inception
6

LEVERAGE RATIO

2022
1.77x

NET MARGIN

2022
22%

No of shares held by Directors/ employees
6,134,511

NET DEBT 2022
£194m

EPS

2016-2022 CAGR
171%

2022
8.03p

2016
0.2p

Profit before tax 2022
£63m

ROIC

2021
7.6%

2022
10.7%

YoY
+310bps

Maintenance CapEx
£26m

pct of D&A
87%

Resource extensions
£6m

Growth CapEx
£19m

Platforms
10

Divestments
£-10m

People
2050

Net CapEx
£41m

FREE CASH FLOW

2022
£54.3m

CCR

2022
86.6%

M&A projects considered
130

Annual production
20mt

EBITDA GROWTH

2017
£6m

2022
£102m

2017-2022 CAGR
80%

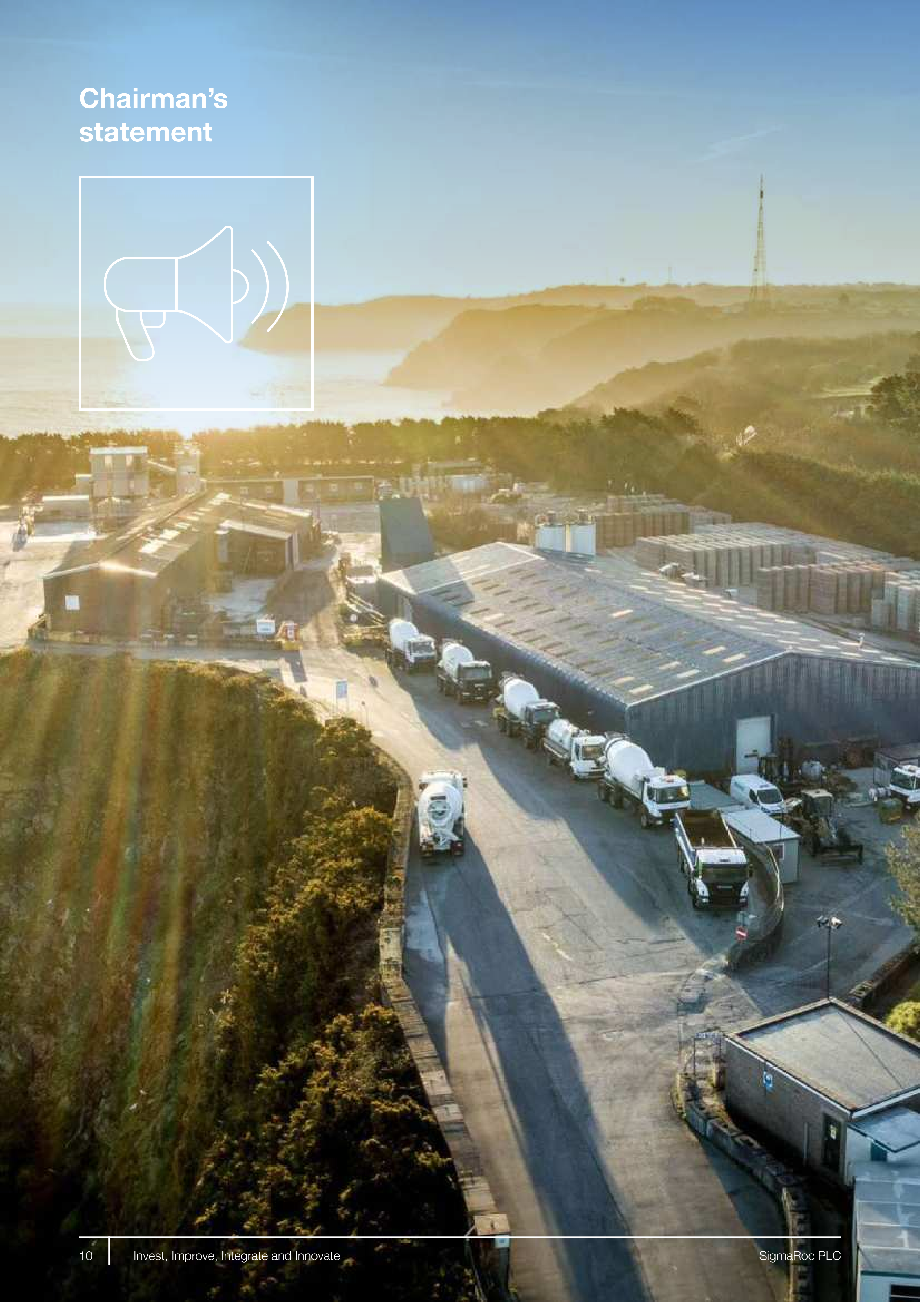
EBITDA margin 2022
19%

EBITDA improvement Group pre Nordkalk 2017-2020
40%

EBITDA improvement Nordkalk only 2021-2022
+8%

EBITDA improvement Group total 2017-2022
+20%

Chairman's statement



Chairman's statement

Dear Shareholders,

2022 produced many new challenges for SigmaRoc to contend with and I am pleased to report that the Group was able to meet those challenges and in doing so surpassed our expectations for the year.

We had to deal with significant disruption to customers as a result of industrial action and plant issues, volatile energy prices, uncertain energy supply dynamics and the effects of the Russian invasion of Ukraine. In response to this, we were able to identify and execute multiple initiatives, across the business, to enhance growth and support returns. Our central team was able to find savings and efficiency gains to compensate for unexpected breakdowns and union strikes. Our commercial teams locally were able to deal with inflationary cost pressures, leveraging the strategic location of our footprint and our customer relationships. Our operators were able to react swiftly to an increasingly challenging energy market, production requirements and customer demand. We are pleased the quality of our operators, the inherent diversification in our model and our strong local market positions have demonstrated their true value in a time of rapid changes and numerous challenges.

Overview

Despite the aforementioned global and local challenges, the Group delivered a strong operating performance in 2022, with volumes on average ahead across the Group YoY by 1% on a LFL basis.

The Group is reporting 2022 revenue of £538.0 million, representing a 98% YoY increase, and Underlying EBITDA of £101.7 million, being an uplift of 106% YoY. Underlying profit before tax was £62.7 million and Underlying EPS was 8.0p representing a 49% improvement year-on-year. Revenue and Underlying EBITDA have increased primarily due to the inclusion of Nordkalk which was acquired in August 2021, together with the additions of Johnston and RightCast. On a LFL basis, revenue and Underlying EBITDA grew by 19% and 9%, respectively, during the year.

The strong trading performance and continuation of careful and effective cash management strategies have led to a strong year end cash position of £68.6 million. While the Group has continued its investment led growth strategy with the acquisitions of Johnston, RightCast and La Belonga, for a total initial consideration of £44.6 million, the Group's Leverage Ratio at 31 December 2022 has reduced to 1.77x, which is comfortably within our long term target range.

David Barrett

CHAIRMAN

Chairman's statement

Continued focus on safety translated into further progress on safety reporting and management. The Total Injury Frequency Rate (TIFR) recorded dropped by 13%, while the Serious Harm Incidents Frequency Rate (SHIFR) dropped by over 19% versus prior years; including both employees and contractors. Positive reporting, including near hits and hazard and risk identification increased by more than 70%. One positive engagement initiative, set up in Belgium in 2021, has YoY resulted in an increased engagement of nearly 400% for near hits, hazard, and risk identification and a subsequent reduction in SHIFR by 23%.

Governance

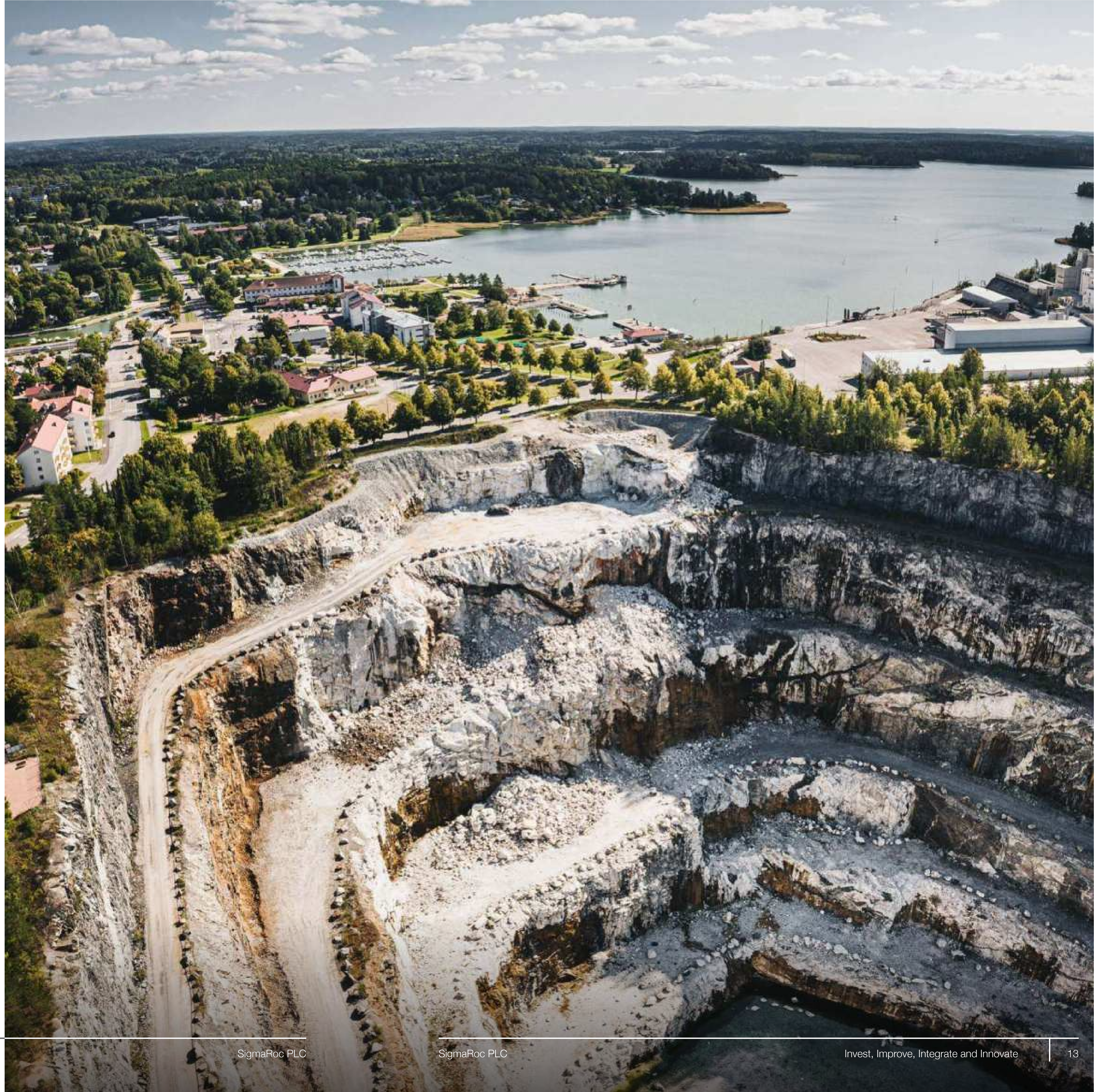
In April 2022 the Group published its first ESG report which contains extensive detail on its Environmental, Social and Governance policies and initiatives, as well as a detailed roadmap to net-zero. Further updates to that report and the various initiatives that are underway across the Group are provided in the ESG section of these Accounts.

Outlook

Trading in the early part of FY23 has been encouraging, with overall Group performance for January and February in line with expectations. The Group has made good progress in executing its capital investment pipeline, deploying £12 million of the £30 million equity fundraise completed in February on two businesses across Europe, with work ongoing to deploy the remainder and execute on the pipeline.

I am very optimistic about the Group's prospects for 2023 and expect the Group to deliver further improvement over what was a very successful 2022.

David Barrett
Executive Chairman
25 March 2023



CEO's strategic report

CEO's strategic report

Dear Shareholders,

2022 represented a real validation of our model as SigmaRoc delivered significant financial and strategic progress, despite a volatile and at times extremely challenging backdrop. Financially, the Group delivered significant earnings growth, to over £100 million of underlying EBITDA and 8p of Underlying EPS, whilst retaining a strong balance sheet with leverage below 2.0x.

Operationally, we have enhanced safety metrics and customer service levels, together with making sector leading progress on sustainability initiatives across the product range and asset base. Strategically, we have managed the successful integration of the transformational Nordkalk business and completed four further, earnings enhancing, transactions and reserve extensions in key locations. These achievements reinforce our belief that the businesses that form this Group and the more than 2,000 people that work for them, are of exceptional quality.

This is particularly true of the operational and sales staff who, across the Group, had to contend with a series of acute challenges ranging from rapid cost inflation, energy availability and supply chain disruption. It is also true of the various support teams, who in a complicated year managed to keep the ship on course to deliver on all priorities we set well before 2022 started.

The content of this Annual Report therefore aims to highlight three key aspects of our model. First, that there continues to be significant opportunity to develop the Group, both organically and inorganically, across each of the platforms and that we have evidenced this potential again in a year of significant head winds. Second, that the diversified nature of our geographic footprint, end markets and product base, combined with the ability to implement high impact improvement programmes, has created real resilience in our trading performance. Thirdly, that these characteristics have enabled us to set challenging but attainable mid-term strategic goals, both financial and ESG focussed, which represent significant value creation potential for all our stakeholders. These goals are set out below and the potential of the Group and our confidence in achieving these goals are considered in more detail in the sections that follow.

Max Vermorken
CEO

CEO's strategic report

Strategic development

Following a year of transformational investment in 2021, which included the acquisition of Nordkalk together with B-Mix and the establishment of the Benelux Platform, the Group made further significant strategic development in 2022. In total, the Group deployed c.£44.6 million across three acquisitions which brought annualised revenues of c.£24.5 million and EBITDA of c.£7.3 million. The acquisitions were completed on attractive terms, in line with SigmaRoc's strict financial criteria, which represented an average EBITDA multiple of c.6x. The team expect to realise synergies and productivity gains at each of the acquired businesses which will support increasing returns on the invested capital over time.

Together with financial benefits, the Group's investment activities have further enabled the delivery of its long term growth ambitions through the enhancement of the asset base and commercial infrastructure. In aggregate, investment activities in 2022 added c.216 million tonnes of high quality reserves across the Group. In addition, the establishment of a strategic JV with ArcelorMittal provides a framework to accelerate the growth of the Group's lime business across continental Europe.

At the end of January 2022, the Group acquired Johnston for an initial cash consideration of £35.5 million and deferred consideration of £8.5 million. Johnston is a specialist quarried materials supplier producing construction aggregates and premium quality building stone, as well as agricultural lime for soil improvement. Its aggregate products are typically used in infrastructure projects, with its unique Cotswolds Ironstone and Bath Stone used in specified high end housing and architectural applications. The business operates five active quarries and three mines and two separate processing sites located across the south-west of England, Oxfordshire and Lincolnshire. Johnston has access to 86 million tonnes of freehold and leasehold reserves and resources giving JQG an average life of mine of over 40 years.

For the 12 months to 30 September 2021, Johnston reported revenue of £14.7 million, generating EBITDA of £5.9 million and profit before tax of £3.6 million. The acquisition was funded from the Group's existing resources, including the assumption of approximately £11.0 million in borrowings comprising long term debt and plant hire contracts.

In April 2022, the Group acquired RightCast for an initial cash consideration of £2.5 million with a further £0.5 million deferred consideration payable in 12 months subject to certain conditions. RightCast is a precast concrete producer specialising in the production of concrete stair flights and landings.

For the 12 months ended 31 October 2021, RightCast reported revenue of £3.1 million, generating EBITDA of £0.6 million and profit after tax of £0.5 million. The acquisition was funded from the Group's existing resources and RightCast has been integrated into the PPG platform. RightCast brought with it a strong pipeline of work, well established team and complimentary product offering to PPG.

In September 2022 the Group entered into a strategic JV agreement with ArcelorMittal to create a new net-zero European lime producer. The JV will be located close to Dunkirk's harbour and ArcelorMittal's steelworks, with ArcelorMittal being the main consumer of the lime produced. To reduce CO_2 emissions, the lime production process will use heat recovered from the ArcelorMittal steelworks plant and biofuels rather than natural gas. The location of the operations will allow the JV to be part of the Dunkirk CO_2 hub. The combination of these CO_2 reduction initiatives will enable the JV to offer net-zero lime.

Under the terms of the JV agreement, each of SigmaRoc and ArcelorMittal will take a 47.5% ownership stake. In the first phase of roll out, the new JV company will be responsible for the construction of three new lime kilns in Dunkirk. Initial planning has commenced on permitting and kiln specification for these operations, with final permitting approval expected toward the end of 2023 and commissioning in 2025. Long term supply and offtake agreements will be entered into between the JV partners.

In order to supply the new lime kilns in Dunkirk, in July 2022 La Belonga was acquired. La Belonga is a limestone quarry located in the north of Spain with 60 million tonnes of reserves and resources and potential for a further 120 million tonnes, subject to permitting. La Belonga is strategic to the Group as it is a large reserve of high quality limestone, possessing high calcium oxide and low sulphur content, which is suitable for use in the steel industry, and is located close to the Gijon port providing export opportunities into the Group's European operations.

La Belonga was acquired for an initial consideration of €2.2 million with a further €1.3 million of deferred consideration. For the 12 months ended 31 December 2021, La Belonga reported revenue of €3.5 million, EBITDA of €0.5 million and profit after tax of €0.2 million.

Development of the 2 million tonne quarry extension in Jersey, which was consented in 2021, has progressed well, with sales of product from the extended area already underway. In Guernsey, the planning application to develop a greenfield quarry at Chouet Headland was unanimously approved by the Guernsey Development & Planning Authority in October 2022. With current reserves providing a further 7-8 years of production, this approval secures the supply of Ronez value added product streams and the external construction market in Guernsey for the next 20 years.

In Poland, a new limestone deposit was opened, with planned reserve extensions expected to add a total of 35 million tonnes to the Group's reserves and resources.

In Belgium, quarry extension works are on track at Soignies with construction of the new road around the extension area progressing well, which has enabled excavations of overburden to start.

Operations and trading

Group structure:

Following the substantial expansion and development of SigmaRoc in 2021, with the acquisition of Nordkalk, the Board determined that the Group's platform-based model could be enhanced through the overlay of an overarching regional structure. The platform model has proven effective, ensuring the Group remains locally focussed and agile, with the regional overlay supporting the Group's new expanded footprint and providing a strong foundation for further growth and expansion. This new regional structure will provide the basis for divisional reporting going forward.

Each region has a Managing Director and Financial Director who are responsible and accountable for overseeing performance, steering development, and driving growth. While these roles and responsibilities are new, the people occupying them are not. They are either MDs and FDs of existing platforms within the region, taking on a larger remit but retaining their prior responsibilities, or they are incumbents in the role (but with a new title) and the organisation beneath them has been reorganised, such is the case with Nordkalk.

The new regional structure aligns the Group as follows:

Region	Platforms	MD	FD	Countries
North West	PPG England Wales Channel Islands	Michael Roddy	Michael Crump	UK Channel Islands
West	Dimension Stone Benelux	Emmanuel Maes	Dean Masefield	Belgium Netherlands Luxembourg Northern France
North East	Quicklime Nordics Poland Baltics	Paul Gustavsson	Marcel Gestranius	Finland Sweden Poland Norway Estonia Latvia Lithuania Spain[1]

1 La Belonga was acquired by Nordkalk and currently reports into the North East region, this will be reviewed as the Group develops.

Market dynamics:

The Group benefits from broad diversification across products, end markets and geography.

Approximately 44% of Group Revenue is derived from industrial mineral markets, which have seen resilient demand, supported by the following structural drivers:

- Environmental, Agriculture and Chemical (20% of Group Revenue): Continued good structural demand pull through, with additional, ongoing substitution by customers of materials previously sourced from Russia.
- Pulp, Paper & Board (14% of Group Revenue): Order books continue to replenish at historically high rates, with underlying demand from pulp customers increasing as part of the transition in packaging materials away from plastic and with the Group also benefitting from an increasing switch by customers to our products.
- Metals & Mining (10% of Group Revenue): Order intake remains stable, despite lower European steel production in the second half of the year, with the Group able to sell product into a range of alternative local industrial markets.

The remaining 56% of Group revenues are derived from construction markets, with over half of this from infrastructure applications which have continued to see robust demand:

- Infrastructure (32% of Group Revenue): Robust demand across the UK and European platforms, underpinned by customer guided volumes into 2023 as well as significant project wins.
- Residential (25% of Group Revenue): Robust orderbooks in commercial markets and high specification products, including the Greenbloc range, offsetting low exposure to softening UK RMI market (total UK residential exposure is approximately 8% of Group Revenues).

The Group's sustainable product offering has been a contributing factor to the substantial growth in the PPG Platform over the past two years, with Greenbloc helping secure tier 1 building contractors as part of the customer base. From 2020 to 2022, the PPG Platform grew revenue by 48% and Underlying EBITDA by 65%.

Trading performance:

The business overall performed ahead of Board expectations in 2022, which enabled the Group to more than offset c.£5 million of profit headwind in Q1 arising from a combination of industrial action and other customer disruption.

North West

In the Channel Islands phasing of significant construction projects created a modest decline in volumes for the year, however this was offset by operational cost improvements derived from productivity gains resulting from investment in plant & machinery and strategic procurement of raw materials, combined with efficient hedging. This enabled the Channel Islands to meet its targets for the year, growing EBITDA by 5%.

PPG continued its strong performance through the year. Demand in the first half was consistent across the platform and cost inflation was effectively passed-on through regular price increases. In the second half, a slight slowing in demand at CCP and Allen was offset by a very busy bespoke projects division at Poundfield and strong trading at RightCast. Poundfield had a record year, increasing revenue by 39% YoY.

CEO's strategic report

At Johnston, construction aggregate demand from the Lincolnshire quarries was subdued as large infrastructure projects were delayed but this was offset by strong demand for agricultural lime. Performance post-acquisition was further improved through the integration process, including a review of operating costs and savings from utilisation of Group supply chains.

Revenue for Harries was strong throughout the period, but margin performance was impacted in January and February as a result of equipment issues which increased maintenance and plant hire costs. This was recovered by improved margins through a combination of premium aggregate product sales and operating cost efficiencies, which translated into an increase in EBITDA of 25% YoY.

West

Dimension Stone had another strong year of trading through 2022, with an exceptionally strong order book translating into high volumes. Inflationary input cost pressure was mitigated by regular price increases, and we further benefitted from very good electricity generation from a new solar panel installation. Commercial highlights for the year included the specification of Bluestone for new offices at Euralille in Lille, development around Penn Station New York, modernisation of Leuven railway and city centres of Charleroi and Gembloux.

Our Benelux platform performed ahead of expectations. B-Mix had a very strong year with volumes ahead of budget translating into strong EBITDA growth. Cuvelier was in line with expectations and while GduH was behind on volumes for much of the year, strong volumes in November and December combined with a contractual take-or-pay adjustment translated into results ahead of expectation.

North East

Nordkalk faced particularly challenging conditions in the early part of the year, including:

– The Russian invasion of Ukraine displacing three employees and their families;
– Significant energy cost increases and concern over supply arrangements;
– Union strike at UPM in Finland which persisted for almost 4 months; and
– Unexpected plant shutdown at customer, SSAB, in January.

Through active collaboration between SigmaRoc technical teams and the regional teams within Nordkalk, many of the challenges were met head-on. Further savings were found across the Group and Nordkalk's commercial teams were able to manage the inflationary pressure well through a combination of hedging and dynamic pricing. The impact from customer interruptions was successfully mitigated through the implementation of cost saving programmes across the Group combined with catchup demand through the remainder of the year. In response to the Ukraine conflict, Nordkalk staff in Poland were very active in assisting our Ukrainian staff and their families to relocate to safety when possible, with those who had to remain in Ukraine being located near the Polish border. As a result, Nordkalk had a strong 2022 in ways beyond the purely financial.

Financial performance

The Group delivered an excellent financial performance for the year, which was ahead of both the Board's and market expectations. Reported revenues were £538.0 million, delivering Underlying EBITDA of £101.7 million, with demand and pricing pass through driving significant top line growth which, combined with continued efficiency gains realised across the business, enabled a strong margin performance in what was a challenging backdrop. This performance is a testament to effective local management taking the right decisions to protect their businesses without hesitation, whilst retaining focus on supporting their local markets.

From a balance sheet perspective, as at 31 December 2022, gross assets were £906.1 million, underpinned by over 1.6 billion tonnes of reserves and resources, land, plant and machinery in strategic locations. Net assets were £469.9 million. At year-end the Group had access to a further £173.0 million in RCF and credit facilities which will support the Group's further evolution. We maintain leverage targets at two times Underlying EBITDA with a significant down trend, giving the Group the ability to reinvest generated cashflows as the Group reduces its gearing. At the year-end our Adjusted Leverage Ratio stood at 1.93 with cash at £68.6 million.

ESG, Safety and Innovation

ESG:

In April 2022 the Group published its first ESG report which contains extensive detail on its Environmental, Social and Governance policies and initiatives, as well as a detailed roadmap to net-zero. The report provides further detail on a large number of initiatives already in place across the Group to manage its energy use and sourcing, as well as accelerate its successful track record in innovation to both meet demanding ESG targets and further enhance competitiveness. In summary of the ESG report, we aim to:

– provide the option for 100% of manufactured products to utilise waste/recycled materials by 2025;
– utilise 100% of production materials by 2027;
– be free of fossil fuel use by 2032; and
– achieve net-zero by 2040.

We are not aware of any other operator in the lime sector having committed to these targets and no other building materials producer is presently able to offer certified products with ultra-low carbon credentials totally free of cement, across the entire range of its products.

More specifically, feasibility studies have been initiated across the Group to further increase green energy sourcing. These include new wind and solar installations and further increases of existing solar capacity on site at Soignies.

In West Wales, Harries contributed to a successful "nappy-enhanced" asphalt trial, whereby 2.4km of roadway was surfaced using asphalt that contained recycled nappies. The fibres from the nappies improve binding of bitumen with aggregate, resulting in a more durable road surface which is expected to remain in situ for up to 20 years while also providing reduced road noise.

As part of our commitment to employees as well as their families and the communities they love and work in, West Wales held a Family Fun Day with over 200 people attending. This was an opportunity for everyone to come together, have fun and relax as well as raise money for local charities with additional support from other local businesses.

Furthering our governance initiatives, Julie Kuenzel was appointed as Company Secretary in September 2022. Julie holds a Bachelor of Commerce Degree, is a Chartered Accountant and working toward membership with the Chartered Governance Institute UK & Ireland. Julie has over 20 years' experience working in a wide range of industries in senior management positions. More recently, Julie has been focussed on providing financial and corporate governance advice to listed companies. Julie replaced Westend Corporate, who remain as the Group's financial accountants. Julie's appointment bolstered the Group's already strong corporate governance function, and she reports to the Board on all compliance related matters.

In April 2022, Axelle Henry joined the Board as an independent NED. Ms Henry brings significant financial skill to the Group given her role as CFO of a major investment fund and also adds fresh perspective to the Board with her knowledge of sectors which are more brand and innovation oriented.

To support both our businesses and our communities, we are continuing to develop our working relationships with the military and military employment charities and are registered with the Career Transition Partnership. We will help facilitate resettlement and transition from military to civilian life as well as support civilian spouses and partners of serving and ex-Forces personnel on their journey into employment.

Across all our platforms, our business model of local business for local communities ensures that we continue to integrate into the areas we work, supporting both other local businesses, projects, and communities.

Safety:

The Group has continued to progress and improve its safety culture in 2022 by focusing on 3 key areas:

1. Structure & Compliance by ensuring corrective actions are properly closed out and on time;
2. Proactive Prevention by focusing on each businesses' 3-5 core risks; and
3. Learn & Improve through thorough investigations and timely communication.

We are pleased to report a 13% YoY reduction in incident frequency rate; 19% reduction in serious harm frequency rate and over 70% YoY increase in near hit, hazard and risk reporting, taking into account all those that work on our sites, employee and contractors alike. With the addition of three new businesses during the year the Group has leveraged its established health & safety tools and procedures, including the internally developed safety management system HighVizz which has helped increase reporting, decrease incidents, and improve safety awareness and culture.

Innovation:

In November 2022 we announced our partnership with Aqualung to construct Europe's first industrial scale carbon capture facility in Scandinavia, with the objective of rolling out across the Group's entire kiln network and capture all kiln process emissions by 2030.

The market reaction to Greenbloc has surpassed our expectations. We have invested significantly in our own manufacturing facilities to keep pace with demand, while the PPG platform has also acquired and developed additional UK sites to facilitate the development and manufacture of ultra-low carbon construction products that go beyond concrete blocks.

From the start of this year every product currently manufactured by SigmaRoc's PPG platform is now available in a cement-free ultra-low carbon option. 2023 will see up to 50% of all products produced across the PPG platform falling under Greenbloc low carbon alternative ranges.

Our strategic collaboration agreement with Marshalls, which was established on the back of our leadership in the market with Greenbloc, accelerated during 2022. We have multiple workstreams focusing on pushing existing technologies to their limits while also developing new manufacturing techniques. Together with Marshalls, we remain committed to improving how concrete is specified within the build environment and reducing its carbon footprint significantly.

In the Channel Islands all ready-mix concrete and concrete products are now offered with a low carbon cement blend option, and the ultra-low carbon offering for ready-mix concrete is gathering traction in the market.

Post period announcements

In February 2023 the Company successfully completed a £30 million fundraise to part fund ten potential near term strategic acquisition opportunities and four organic growth and carbon footprint reduction projects. Collectively, the strategic acquisitions and the organic growth investments are anticipated, should they all complete, to generate, net of proposed divestments, approximately £42 million of revenue, £10 million of EBITDA and profit after tax of £6 million on an annualised basis.

In March 2023 the Company announced completion of the following acquisitions, which form part of the near term strategic acquisition opportunities announced in February 2023, for an aggregate consideration of £12 million:

(a) Goijens, a leading supplier of ready-mixed concrete and pumping solutions, located in the north east of Belgium. Goijens operates two concrete plants and concrete recycling facilities, as well as pumping and other services. Its footprint, located in the north east of Belgium on c.10 acres of freehold land, is highly complementary to the Benelux Platform, which is expected to enable commercial and operational synergies, as well as a swift integration into the Group; and

(b) Juuan Dolomitik, a specialist supplier of high quality dolomitic limestone, used in agricultural and environmental sectors to improve regulation of soil pH and water retention. JD's operations are located close to the Group's existing Finnish business and represent a valuable extension into dolomitic limestone, adding approximately 1.5 million tonnes of reserves, equating to roughly 30 years of operating life.

Additionally in March 2023, the Company announced that it had been successful in its claim to seek compensation from the Swedish state in respect of land use restrictions. The verdict, pronounced on 14 March 2023, made an award to Nordkalk in compensation for economic loss, of which a sum of c. SEK 188 million (c. £17 million) that is to be

CEO's strategic report

adjusted for inflation and interest until payment is made, is receivable by the Group as its share. The verdict is subject to appeal until 4 April 2023 and receipt of funds remains subject to the outcome of any appeal, if lodged.

Forward look

The Group has started 2023 positively, trading broadly in line with expectations, supporting a cautious level of optimism for the remainder of the year. Whilst the significant reduction in energy prices in the UK and Europe has improved the demand outlook for many of the sectors we supply, we continue to see variable conditions across our end markets, with recovering demand and structural drivers in a number of segments offsetting continued subdued activity in others.

Notably, we have seen stronger than expected demand from European steel customers as a result of more benign energy conditions and our infrastructure construction pipeline remains healthy in all jurisdictions. Set against this, residential construction demand in the UK, and to a lesser extent Sweden and Finland, remains softer, although this represents c.10% of Group revenue.

We have continued to price dynamically, pass through inflationary cost increases and utilise hedging, and operational execution has remained strong, enabling the Group to deliver further efficiency, improvement and cost saving programmes.

The Group's pipeline of organic and acquisition investment opportunities is very robust, with the proceeds of the equity fundraising in February enabling the Group to execute on multiple value accretive projects in 2023 and toward the end of the year the Group will have generated c.£50 million in FCF with headroom to support further capital deployment.

The Group has a clear set of strategic priorities which support sustainable organic growth, robust margins, strong cash generation and expanding ROIC. Our broad footprint, product set and end market representation provides numerous avenues through which to accelerate delivery through further investment and a market leadership position in sustainability.

I am therefore confident in the Group's ability to deliver another exceptional year of growth and development.

This report was approved by the Board on 25 March 2023.

Max Vermorken
Chief Executive Officer
25 March 2023

2022 timeline of key events

JANUARY

Acquired Johnston, a specialist quarried materials supplier operating across the South West, Oxfordshire and Lincolnshire, for initial consideration of £35.5 million, adding approximately £16.5 million in revenues, £6 million EBITDA and 86 million tonnes of reserves & resources to the Group. Notified of union strike affecting a pulp & paper customer in Finland.

FEBRUARY

Russia invades Ukraine, displacing millions of people including colleagues and their families while also exerting pressure on energy prices and availability.

MARCH

Publication of annual results for 2021 and notification of AGM to be held in April 2022.

APRIL

Acquisition of RightCast, a supplier of bespoke precast concrete products, specialising in concrete stairs and landings, based in Yorkshire. AGM held and all resolutions passed. Publication of maiden ESG report. Notification received that the union strike affecting customer in Finland has been resolved.

MAY

Very strong trading with full month contribution from SKOY following end of union strike at pulp & paper customer.

JUNE

Continued strong trading across the Group to close out a challenging, but successful, first half of 2022.

JULY

Ongoing work on energy mitigation strategies, including assessment of market dynamics with focus on Finland and Poland, transitioning plant to alternative fuels where possible, leveraging off-peak demand and review of hedging strategies.

AUGUST

Energy outlook becoming increasingly uncertain for the remainder of the year, with electricity and gas prices continuing to rise dramatically across Europe.

SEPTEMBER

Strategic JV with ArcelorMittal to produce net-zero lime via the construction of three new lime kilns in Dunkirk. Publication of interim results for 2022, together with appointment of Julie Kuenzel as Company Secretary.

OCTOBER

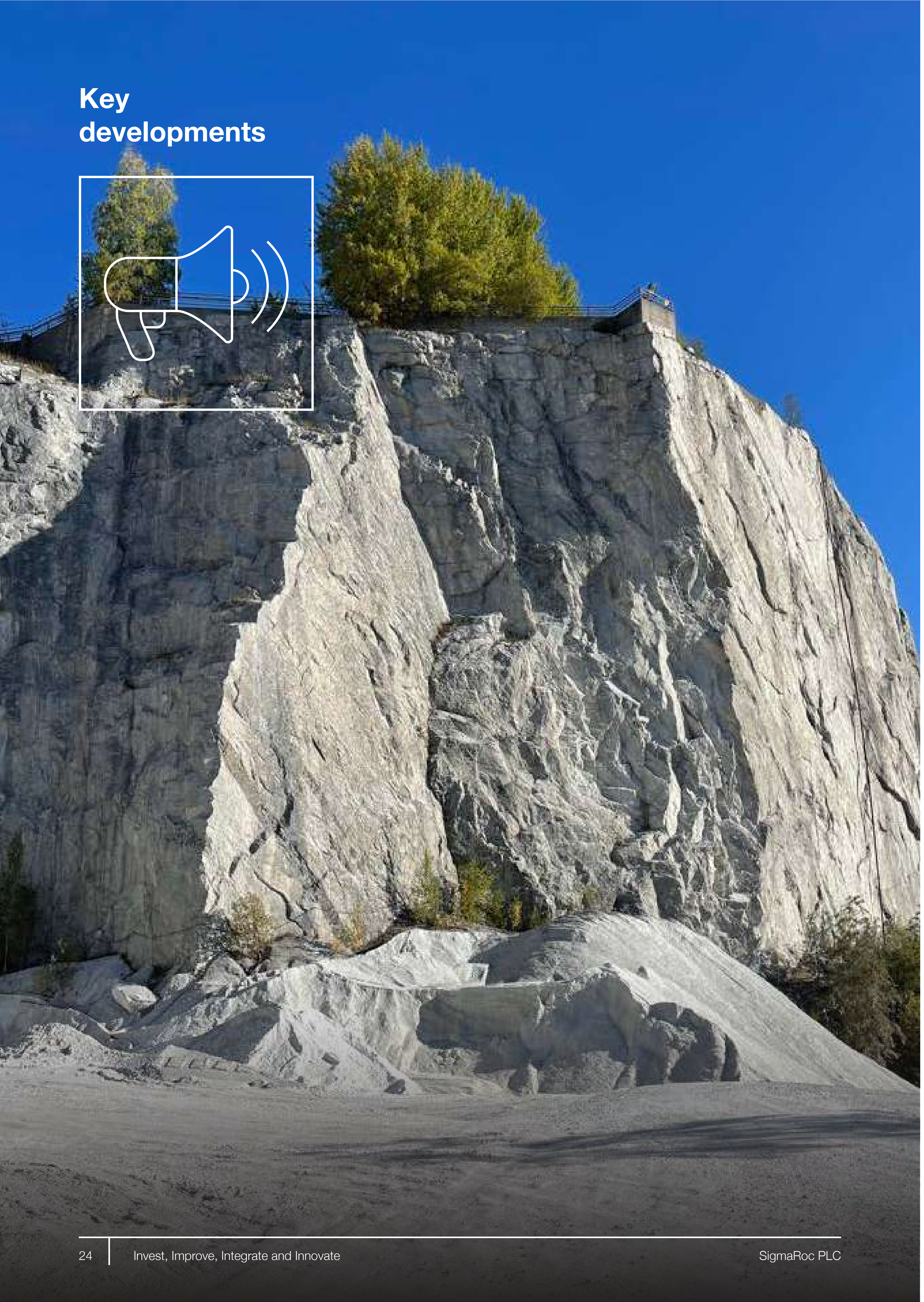
Unanimous approval of planning application to develop a greenfield quarry at Chouet Headland in Guernsey, securing the supply of Ronez value added product streams and the external construction market in Guernsey for the next 20 years.

NOVEMBER

Partnership with Aqualung signed to install carbon capture membrane technology across all operational kilns in the Nordics.

DECEMBER

Strong trading to close out the year, benefiting from subdued energy prices, good availability and solid volumes. Updated market guidance, with Underlying EPS expected to be at least 10% ahead of consensus estimates.



Key developments

Joint-venture with ArcelorMittal

In September the Group announced that it had entered into a JV agreement with ArcelorMittal, a leading global steel and mining company, to develop Europe's first fully net-zero CO_2 quicklime production for use in steel production and other applications.

Under the terms of the JV agreement, the JV partners will, in aggregate, invest an initial amount of €40 million by 2024, to be complemented by a €40 million debt facility that the JV will secure, with the possibility for further phases to follow funded by the JV's operating cashflow.

Planning has commenced for civils, permitting and kiln specification, with final permitting approval expected toward the end of 2023, which will then facilitate commencement of civil works and construction of the first kiln.

By plugging into ArcelorMittal's carbon capture infrastructure, the JV's quicklime production can both be assured of its net-zero credentials and proximity to its main offtake. Long-term supply of key inputs, such as limestone and kiln operations, plus offtake of quicklime produced, will be assured by the JV partners. SigmaRoc expects the JV to operate at equal margins, multiples, and leverage ratios that it aspires to in any of its investments.

In order to supply the new lime kilns in Dunkirk, La Belonga was acquired in July 2022. La Belonga is a limestone quarry located in the north of Spain with 60 million tonnes of Reserves plus Resources and potential for a further 120 million tonnes, subject to permitting. La Belonga is strategic to the Group as it is a large reserve of high quality limestone, possessing high calcium oxide and low sulphur content, which is suitable for use in the steel industry, and is located close to the Gijon port providing export opportunities into the Group's European operations.

Emmanuel Maes

Head of M&A

"We are delighted to have entered into this new partnership with ArcelorMittal. Through our subsidiary Nordkalk, a leader in lime in Northern Europe, we bring decades of experience in the production of this essential material which we will leverage to drive the success of this collaboration. The addition of La Belonga in the north of Spain ensures the Group will be able to supply the new lime kilns in Dunkirk.

For SigmaRoc, this represents another important milestone in establishing ourselves as a leading European specialist quarried materials group in addition to helping us further on the road to net zero by 2040. The JV is reflective of this ambition and represents one of a number of important initiatives, both organic and inorganic, that we are pursuing."

Johnston Quarry Group

In January 2022, the Company completed the acquisition of Johnston Quarry Group for an initial cash consideration of £35.5 million.

JQG is a specialist quarried materials supplier producing construction aggregates and premium quality building stone, as well as agricultural lime for soil improvement. Its aggregate products are typically used in infrastructure projects, with unique Cotswolds, Ironstone and Bath Stone used in specified high end housing applications. The business has eight quarries and two separate processing sites located across the South West, Oxfordshire and Lincolnshire. JQG has access to 86 million tonnes of freehold and leasehold reserves and resources giving JQG an average life of mine of over 40 years.

For the 12 months to 30 September 2021, JQG reported revenue of £14.7 million, generating EBITDA of £5.9 million and £3.6 million profit before tax. As at 30 September 2021, JQG had gross assets of £22.1 million and net assets of £6.9 million primarily in land, mineral reserves and plant and machinery.

As part of the acquisition of JQG, SigmaRoc also conditionally agreed to purchase from the sellers two further quarries, together with additional mineral reserves, for a total potential consideration of £14.5 million.

These additional sites have a strategically attractive location relative to JQG and will increase the business' footprint and market access. The consideration for the acquisition of these additional sites is payable in three phases, upon the delivery of each of the two quarries and the delivery of the mineral reserves with planning permission.

In July 2022 the Group paid £4.5 million in relation to a successful permit extension and then in January 2023 the two quarries were acquired for £3.5 million, leaving a further £4.5 million potentially payable upon further successful permit applications.

Aqualung

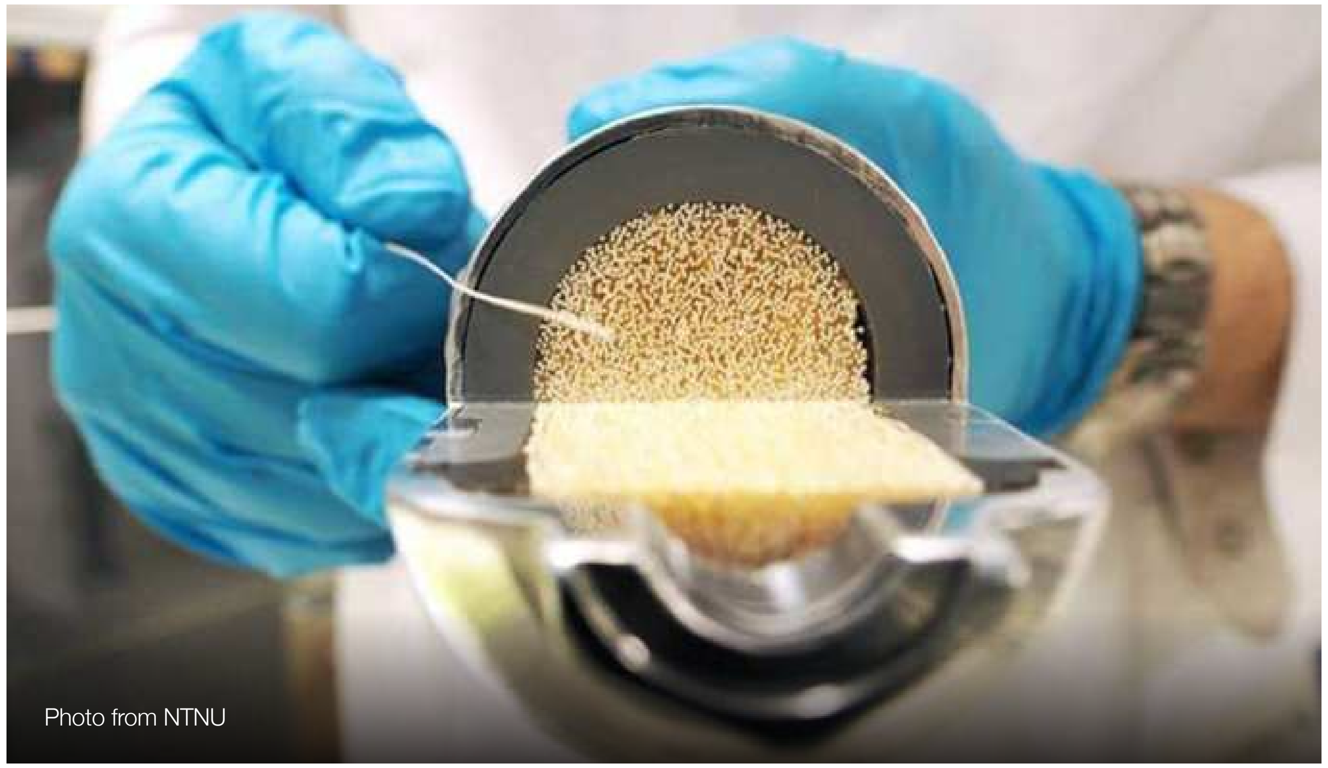


Photo from NTNU

In November 2022 the Group announced that it had signed an agreement with Aqualung that will allow for the installation of a carbon capture membrane technology solution across all its operational kilns. The technology is modular, tested, and scalable, allowing for a phased and systematic roll-out across the Group's operations. In parallel, the parties will work on the entire carbon chain that includes the capture, sequestration and alternative uses or commercialisation of the captured CO_2. The Group thereby estimates that it will be able to dramatically bring forward its net-zero targets once full roll-out has commenced.

Lime kiln emissions are typically cleaner than other industrial applications and are more suitable to carbon capture, especially with regards to footprint and sizing. Aqualung's solution uses a patented membrane technology which is both compact and scalable. The technology allows for a comparatively simple, low energy solution that mitigates the risks and complexity associated with absorbents, their regeneration processes, and hazardous wastes. Membrane technology is proven and tested giving both parties the required assurances that it has a high chance of success when applied across an entire kiln network.

Construction will commence in Q1 2023, and the full unit will be prefabricated and shipped on-site to Scandinavia with plug-and-play integration to the plant. Commissioning and start-up are scheduled for April 2023. Once operational the Group will finalise the wide roll-out plan, estimated to be completed by Q3 2023. Full Group roll-out can then be launched.

Charles Trigg

CTO

"As a Group we are always on the lookout for interesting technologies that can help us advance our business and our operations. Aqualung is clearly that type of technology. Partnering with them to potentially decarbonise our operations well ahead of not just our timeline but probably the entire industry, is very exciting and the result of intense work across the Group, in particular at Nordkalk."

LCA, EPD, Carbon Tool and SBTi

In November 2022 we selected a Group wide software, OneClick, that allows all our products to be reviewed with regards to carbon footprint as well as the management of our greenhouse gas (GHG) reporting

EPDs: Environmental Product Declarations are needed if it is required to externally verify and publish the environmental profile of products. This can help our customers and their projects achieve certification credits like LEED, BREEAM, etc.

Product LCAs: Product Life Cycle Assessments enable environmental assessments of product to be conducted that do not require the data to be verified or published by a third party. This can help our customers and their projects make sustainable choices when using materials.

Product Carbon Footprints (PCF) or Carbon Assessments: This is similar to a Product LCA in that it is not externally verified or published, however, it only covers the carbon footprint (carbon dioxide equivalent) of the products; again helping our customers and their projects make sustainable product choices.

GHG Reporting: Allows us to manage, calculate, track and report emission sources according to ISO 14069, the GHG protocol, and CDP standard categories including:

- Scope 1: Direct emissions from stationary and mobile combustion sources, fugitive emissions, processes and biomass emission
- Scope 2: Indirect emissions from electricity, heating and cooling consumption
- Scope 3: Purchased goods and services, capital goods, waste, business travel and commuting, investments, freight, use and end-of-life of sold products, downstream leasing and franchises

The software complies with EN/ISO standards and 40+ certifications. These include EN 15978, EN 15804, EN 15942, ISO 21931-1, ISO 21929-1, ISO 21930, BREEAM, LEED and HQE and can easily calculate product carbon footprints in line with ISOs 14040, 14044 and 14067, and EN 15804.

SBTi

As we continue our commitment to net zero, SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science.

The latest climate science from the IPCC, described by the UN as “code red for humanity”, shows it is still possible to limit global temperature rise to 1.5°C.

It is critical that across the world we need to halve emissions before 2030 and achieve net-zero emissions before 2050.

There are 5 stages of SBTi

1. **Commit:** Register online and submit a letter to commit to setting a science-based target, or to have existing targets independently verified.
2. **Develop a target:** Develop target(s) in line with SBTi science-based criteria.
3. **Submit target for validation:** Review of targets by SBTi team of technical experts to validate it against our science-based criteria.
4. **Announce target and inform stakeholders:** SBTi will publish targets on their Companies Taking Action Page.
5. **Disclose progress:** Disclose company’s emissions annually and monitor progress on reaching target.

Through our SECR reporting we have strong data, which will allow us to submit our targets by H1 2023 for verification, thereby strengthening our commitment to our net-zero program

The ability to capture our data on a regular basis allows us to focus on our ongoing and future reduction programs to ensure we achieve our science-based and net-zero targets.


Noora Guzman, Sustainability Manager at Nordkalk

Greenbloc and environmental sustainability

Innovations in building materials are a key component in the growth of sustainable construction. Consumer and regulatory trends are largely driving adoption of sustainable building materials and processes that are more resource efficient and can reduce health impacts of buildings throughout their lifecycle. This is creating new business drivers for construction materials companies, with an opportunity to increase revenues. Furthermore, some new products require less energy to produce, or use largely recycled inputs, reducing production costs. Sustainable construction materials, therefore, can contribute to a company’s long-term growth and competitiveness.

In 2021, SigmaRoc, via its PPG platform, launched Greenbloc. Greenbloc is a zero-cement technology, reducing the carbon embodiment of the concrete by 80%, which is achieved by removing 100% of the cement content. This year we have advanced the technology to improve the production process and further reduce the carbon embodiment. Greenbloc is no longer constrained by extended curing times. Our new advanced version can now be produced within the same curing time as our cement-based mixes, reducing curing times of the 2021 version by 75%. This further reduces the carbon embodiment through a reduction of scope 1 emissions associated with curing.

The end of 2022 brought advancements in alternatives across the entire PPG platform, with 50% and 80% cement replacement solutions produced at minimal additional cost, using new accelerating technologies that allow us to produce in the same manner as traditional concrete products. 50% and 80% cement replacement provide a concrete CO_2 saving of 45% and 80% respectively. These new developments reduce CCP scope 3 emissions relating to cement and “Purchased Goods and Services” by over 13m CO_2 kge per annum.

2023 will see up to 50% of all products produced across the PPG platform falling under Greenbloc low carbon alternative ranges.

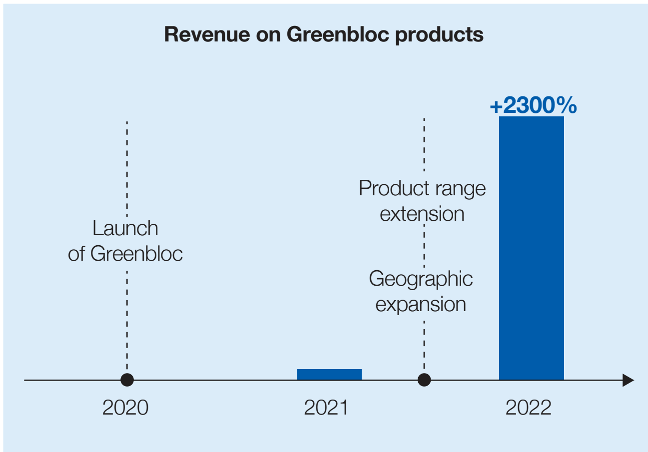
In 2022, Allen Concrete became the first site to switch to a low carbon cement. Their CEM I has been replaced by a CEM II-AL which contains 11% less cement clinker, the main ingredient that results in cement having high carbon embodiment. The CEM II-AL reduces Allen Concrete’s concrete carbon embodiment by 9.9% and reduces the overall scope 3 emissions relating to cement and “Purchased Goods and Services” by over 320,436 CO_2 kge per annum.

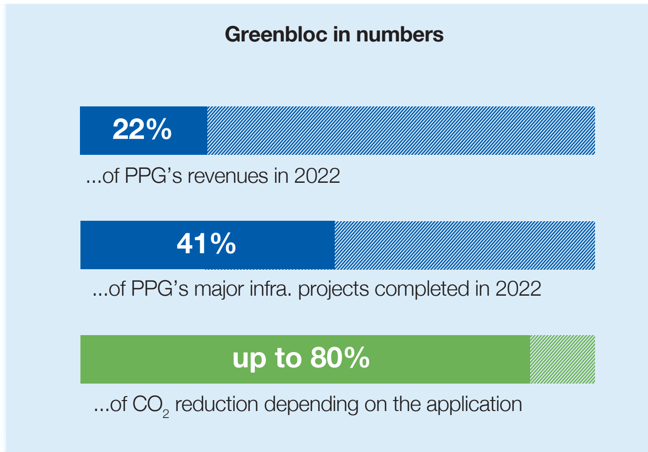
Supporting further reductions in CO_2, Poundfield, Aberdo quarry and our Llay manufacturing plant have all agreed to switch to renewable energy tariffs in 2023. This is 8 years ahead of our net-zero commitment, reducing scope 2 emissions by 106,000 CO_2 kge per annum. Poundfield has also invested in multiple electric FLTs as alternatives to current diesel options, combined with Poundfield’s 2023 renewable energy tariff this means Poundfield’s new electric FLTs will be carbon neutral, contributing to our scope 1 reductions.

The use of OneClick not only shows our commitment to sustainability transparency through Environmental Product Descriptions (EPDs) but allows us to take full in-house control of our EPDs, both verified and bespoke, and is the leading software in the concrete industry. This provides customers with the much needed environmental, full life cycle, cradle to grave, carbon embodiment data, and will substantiate the fact that PPG products are the right choice for the environment.

Our future is in low carbon cement alternatives and the use of waste CO_2 in our concrete. Development is underway to produce the UK’s first block that sequesters waste CO_2 into the concrete product, storing it permanently. This sequestration technology is the leading solution for carbon capture usage and storage (CCUS). It can be used to reduce our carbon embodiment further, and improves our environmental and sustainability branding, whilst also generating saleable carbon credits.

Our PPG platform remains the go-to provider of ultra-low carbon concrete solutions within the UK built environment and with plans underway for European expansion, we are excited by the opportunities we see ahead of us in 2023.





Significant growth driven by the completion of major infrastructure projects in 2022

About us

The Group consists of 3 geographically defined core regions: the North East, West and North West. Within each region are platforms of 1-4 businesses which are grouped by product types. Each platform has an EBITDA of approximately £10-20 million and approximately 200 colleagues.

We ensure that our platforms are managed by strong entrepreneurial teams who operate independently while benefitting from the resources of a larger group.

These essential values allow us to remain agile and responsive to local customer needs.

We target organic revenue growth over the business cycle, while delivering attractive operating margin and strong cash flow.

This is then accelerated through carefully selected value enhancing acquisitions.

Decentralised business model

Every acquisition is made on the basis that it can stand on its own two feet and not just be a route to market. Historically in our industry, standalone businesses have been purchased due to their individual success, often to only become routes to market and have their value eroded.

Our decentralised business model allows us to ensure that all our product and service offerings are capable of sustaining target level performance in their own right, leveraging group opportunities where it is in their best interest. This has allowed us to build a competitive construction materials group focussed on the long term benefits our industry has to offer.

The ability to extract the maximum value of every product and service we offer has been conceived on five simple statements:

1. Commodity market set apart by quality of product and service

A family approach of being local and personally known to the customer base, with the management skill and approach of a major allows our business to compete with anyone.

2. Local products that do not travel

Construction materials are a local product, consumed and produced locally, due to their high mass to price ratio. This brings a particular dynamic to the sector, focussed on local and fragmented.

3. Synergies are local not global

Each local market is different, with its own particularities, competitive pressures and local history. Our platform structure allows local synergies to be maximised that are best for each platform ensuring true cost savings and empowered businesses.

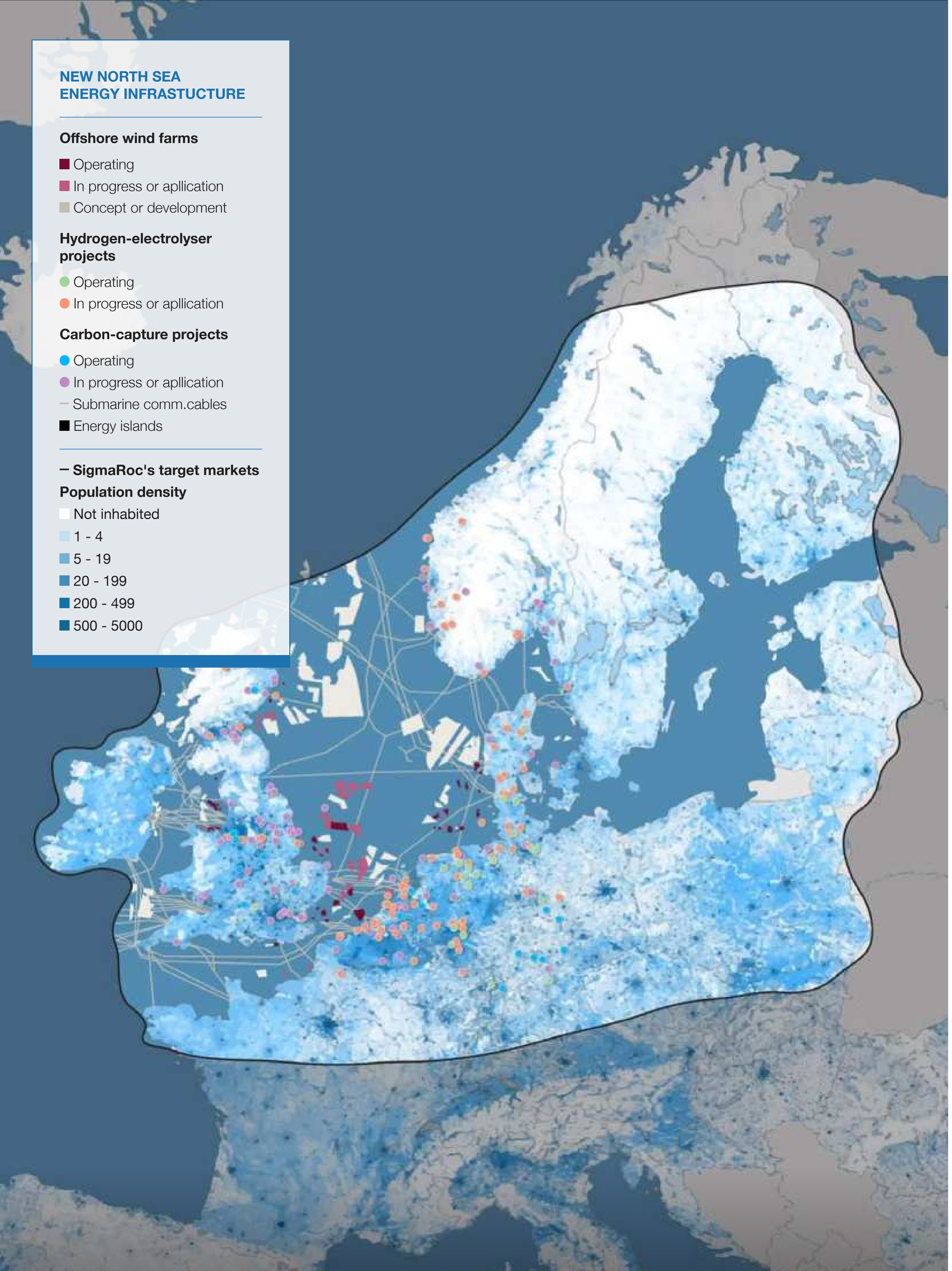
4. Agility and speed

Autonomous local managers fully understand requirements of local markets; each decentralised business can decide what is best for it at any moment in time allowing nimble reactions to changing economic environments as well as major events such as the COVID-19 pandemic and the Russian invasion of Ukraine.

5. Decentralised approach

A decentralised approach that extracts maximum competitive value from each business, reducing unnecessary central costs and ensuring self-sustaining value driven businesses by empowering autonomous management.

Our decentralised model allows our platforms and businesses to focus on their delivery whilst a lean group level structure ensures governance and performance of the operations and the ability to engage in proactive investment activities.



STRATEGIC REPORT

To become the leading European quarried materials Group

WHERE?

Northern Europe where there is high density of infrastructure, population and industry.

WHY?

Because these markets can be horizontally integrated to drive cost synergies.

WHAT?

Quarries, lime and associated operations which benefit from barriers to entry and pricing power.

HOW?

By implementing a local, flexible platform-based model focused on empowering and helping managers.

The power of the North Sea

The North Sea has always been economically significant, with six countries bordering it, including Belgium, Britain, Denmark, Germany, the Netherlands, and Norway. It is characterised by its high density of infrastructure, population, and industry.

And, there is one resource that the North Sea has an infinite amount of: awful weather. The sea has an infinite amount of wind, with average wind speeds of ten meters per second, making it one of the gustiest areas in the world. In 2022, North Sea countries auctioned 25 gigawatts in wind power capacity, making it the busiest year yet, with nearly 30 gigawatts worth of tenders scheduled for the next three years. By 2050, the North Sea countries aim to install 150 gigawatts of wind power, equivalent to 24,000 of the world's largest turbines.

But the North Sea region is also undergoing a transformation beyond the energy sector. Carbon capture and storage (CCS) projects are multiplying in the area, as the cost of CCS is decreasing and political resistance is easing. For example, the Netherlands has the Porthos project in Rotterdam, which would capture 2.5 million tonnes of CO_2 annually for 15 years. Equinor and its partners have also completed drilling operations for a CO_2 injection well near Bergen, Norway, as part of the Northern Lights project.

Carbon capture projects are also part of SigmaRoc's roadmap towards becoming net-zero. Indeed, the Group has installed its first carbon capture facility in Q1 2023 in Scandinavia with the aim to capture all kiln process emissions by 2030. Overall, Europe currently has more than 70 CCS facilities in various stages of development.

The North Sea region is also becoming a hub for data processing and storage. The area has low electricity prices, a cold climate, a highly skilled workforce, and favorable data laws, making it an attractive location for data centers. New submarine data cables are being installed in the region, with demand for data centers projected to grow 17% annually until 2030. Major cloud companies such as Amazon Web Services and Microsoft Azure have already built server farms in the Nordics.

The sea is the answer

Europe's shift towards renewable energy and a greener economy could draw more economic activity north. The abundant energy sources of the North Sea region, particularly wind and hydro power, have attracted companies involved in renewable energy, steel production, electric vehicle battery production, and wind turbine manufacturing. The move is expected to have a significant impact on Europe, both economically and politically.

Aker Horizons, a renewable energy firm, aims to establish a green industrial hub in Narvik, Norway, powered by offshore wind. In Boden, Sweden, h2 Green Steel is building Europe's first new steel mill in half a century that will run on green hydrogen. The energy-intensive parts of the steel production process could move to where they can be done more efficiently, near renewable energy sources, while the labor- and knowledge-intensive parts could remain in Europe's steelmaking heartlands.

Others moving north include industries such as makers of electric-vehicle batteries, which also require lots of energy to produce.

The new North Sea economy could have a profound impact on Europe. It could shift the balance of power within littoral countries, and give Europe an economic and geopolitical boost.

As SigmaRoc continues to expand whilst committing to its industry leading ESG targets, the Group aims to grow in the most dynamic region of Europe.

Our core operating principles

CORE OPERATING PRINCIPLES

1	2	3	4
We own quarries as their fixed costs are manageable and barriers to entry are high.	We help and empower local managers to become best in class operators.	We seek to sell everything we quarry and add downstream activities only locally.	We confront industrial challenges be it footprint or product.
This gives us **PRICING POWER**	This gives us **COST CONTROL**	This gives us **MARGIN EXPANSION**	This gives us **A COMPETITIVE EDGE**
We call this **INVEST**	We call this **IMPROVE**	We call this **INTEGRATE**	We call this **INNOVATE**

KEY DEDUCTIONS

1	2	3	4
Quarries produce many products which can serve diverse growing end markets.	Integration is mostly horizontal across the products spectrum and along the value chain.	Targeted value enhancing acquisition means accelerated organic growth	We deliver value responsibly with a positive impact on society and the environment.
This gives us **DIVERSE END-MARKETS**	This gives us an **AGILE STRUCTIURE**	This is **SENSIBLE M&A**	This gives us **ESG LEADERSHIP**

Applying the Strategy in 2022

During the year we continued to **Invest,** completing three acquisitions and entering into a strategic joint venture agreement with ArcelorMittal. In January 2022 we acquired Johnston Quarry Group, a specialist quarried materials supplier operating across the South West of Oxfordshire and Lincolnshire in the UK. In April 2022 we acquired RightCast, a supplier of bespoke precast concrete products, specialising in concrete stairs and landings, based in Yorkshire, UK. Then in July 2022 we acquired La Belonga, a high quality limestone quarry in the North of Spain, followed in September 2022 by the strategic JV with ArcelorMittal to produce net-zero lime via the construction of three new lime kilns in Dunkirk, France.

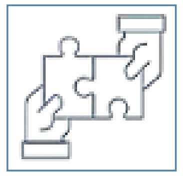
Our platforms continue to focus on **Improving** their businesses, as demonstrated by the increased financial performance of the Group despite numerous operational challenges during the year. At Group level we have centralised commercial insurance coverage and engaged a consultant to manage the Group's energy requirements and hedging portfolio.

Recently acquired businesses, such as JQG, RightCast and La Belonga, continue to be **Integrated** into the wider Group network. As we have done consistently to date, we will look to integrate our newly acquired business and continue to unlock synergies where appropriate.

We continue to **Innovate** through various new and ongoing initiatives, including expanding the market reach of Greenbloc, our strategic collaboration with Marshalls, piloting Aqualung in Scandinavia with a view to decarbonising the Group's kiln network, digitising safety reporting through HighVizz and developing other low carbon solutions such as ultra-low carbon offerings for ready-mix in the Channel Islands.

Based on our strategy, since inception and during 2022, we have been able to continue to grow through acquisition and organic growth.

With each business, by adhering to our investment principles and applying our Improvement and Integration programs, we have ensured both improved performance and value.



The power of the Platform

Since its inception our Group has operated using platforms as the core to its operating model. The reason for this structure is fourfold and underpinned by a search for the most effective architecture for a group active in the construction and minerals space.

The strategic logic

Construction materials and industrial minerals are produced from quarries and ancillary activities. These operations typically have highly localised markets as the product does not travel far. Service and proximity to the end customer are therefore key. Local platforms based around a small number of quarries which service these local markets are therefore tactically the most relevant unit. Their proximity to end market and end customer ensures highest service levels and agility to respond to changes in local dynamics.

The building blocks

Each platform consists of a small number of compatible assets, typically starting from a series of high-quality quarries. The output of the quarries is maximised to ensure all extracted materials can find a profitable use. This leads to horizontal integration along the quarry product spectrum and sometimes local vertical integration to maximise profitability at a local level. Each platform has a dedicated General Manager and Finance Manager to oversee the activities. They report under standard reporting frameworks, both operationally and financially. Operations are managed by one or more operations and commercial managers, who keep close contact to both end markets and production. Often the General Manager has a double role also taking responsibility for either sales or production thereby keeping the organisation light.

Operational autonomy

Operationally the platforms are designed to function with maximal autonomy. Following standard operating protocols, they are encouraged to manage their destiny as if they were independent businesses. This approach ensures maximal agility at a local level, thereby targeting proximity to the end customer, best in class service levels and decision speed.

Twice a month all platforms check in with central management to coordinate their local strategy. In between these formal meetings constant interaction with central management ensure a coordinated approach exists.

Operational flex

Given the local nature of the business and the agility of the platforms is a key driver of the strategy. When market conditions change, given the proximity to the end market, the platforms can respond rapidly and address these changes. When input costs rise or change because of macro-economic changes, the local platforms can rapidly adjust their operating methods accordingly.

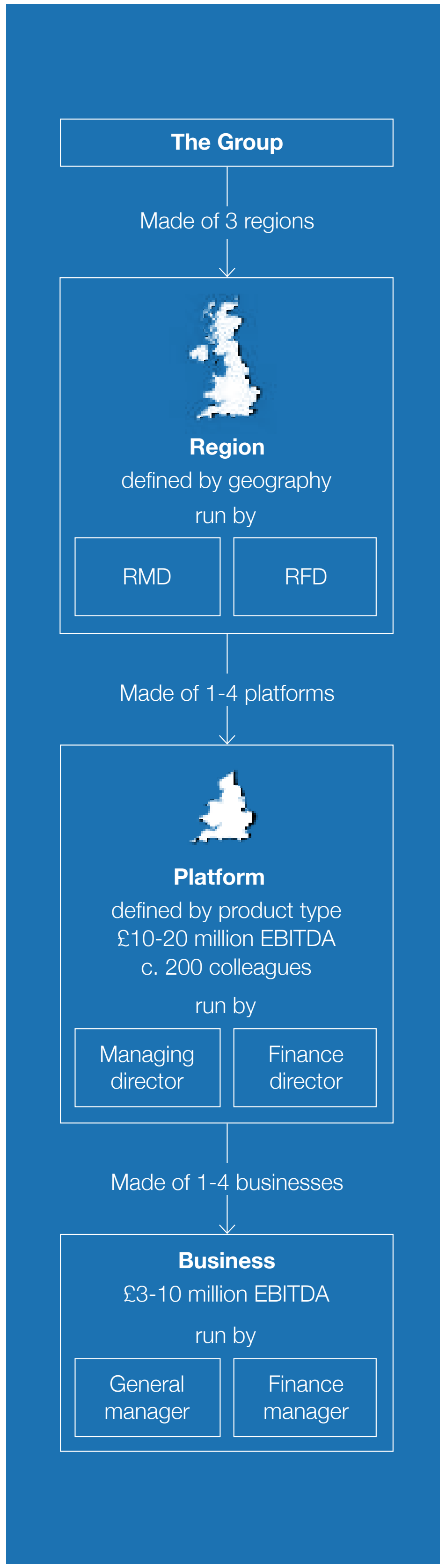
As a result of this structure, our fixed to variable cost structure is much skewed to variable with nearly 70% of the costs being variable. Only an agile and locally focussed business can take advantage of this fact and adjust its operations to match market conditions. This was achieved during the many complicated years we have faced since starting the company, be is Brexit, Covid or the Ukraine conflict.

Targets and controls

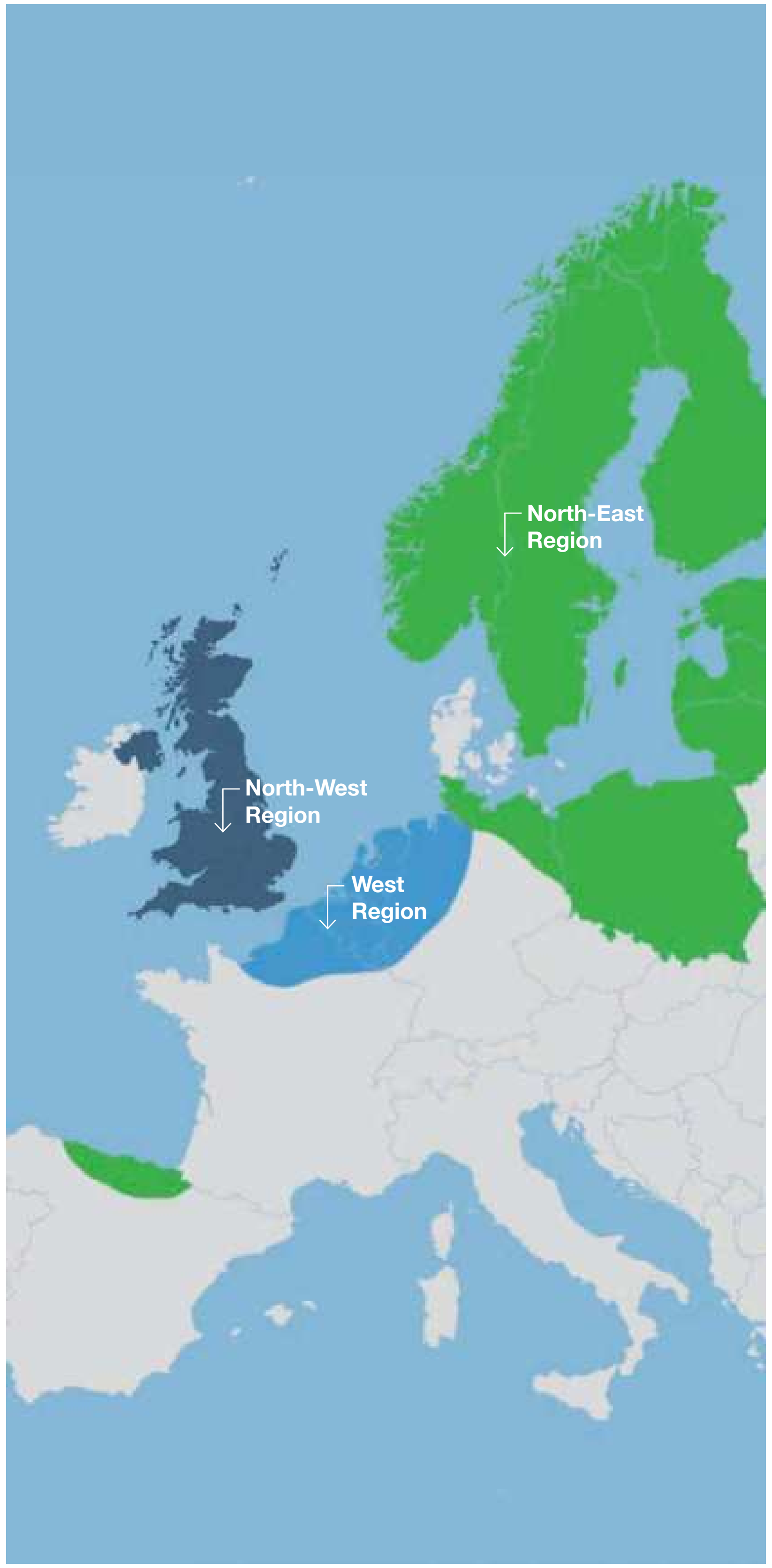
A highly decentralised operating structure needs clear targets and clear controls. These are in place through various layers which cross and therefore present several interactions points. Financial and reporting and cash standards are identical for all operations. Operational performance is controlled through target metrics and output targets. Capital expenditure requires group sign-off and or centralised management to ensure maximal efficiency when capital is spent. As a result each platform's evolution is monitored on various levels to ensure operational and financial performance.

Standardised model for an agile structure

OPERATING MODEL

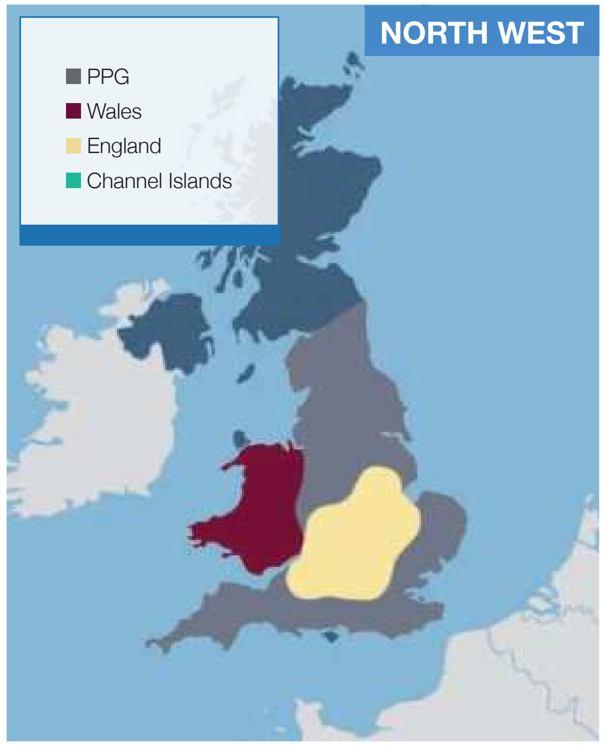


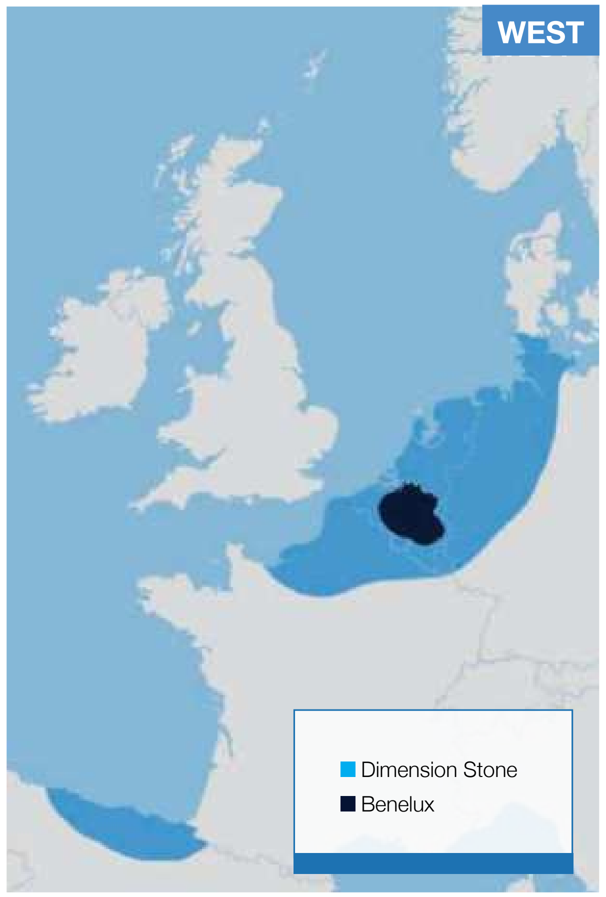
WHERE ARE WE NOW?

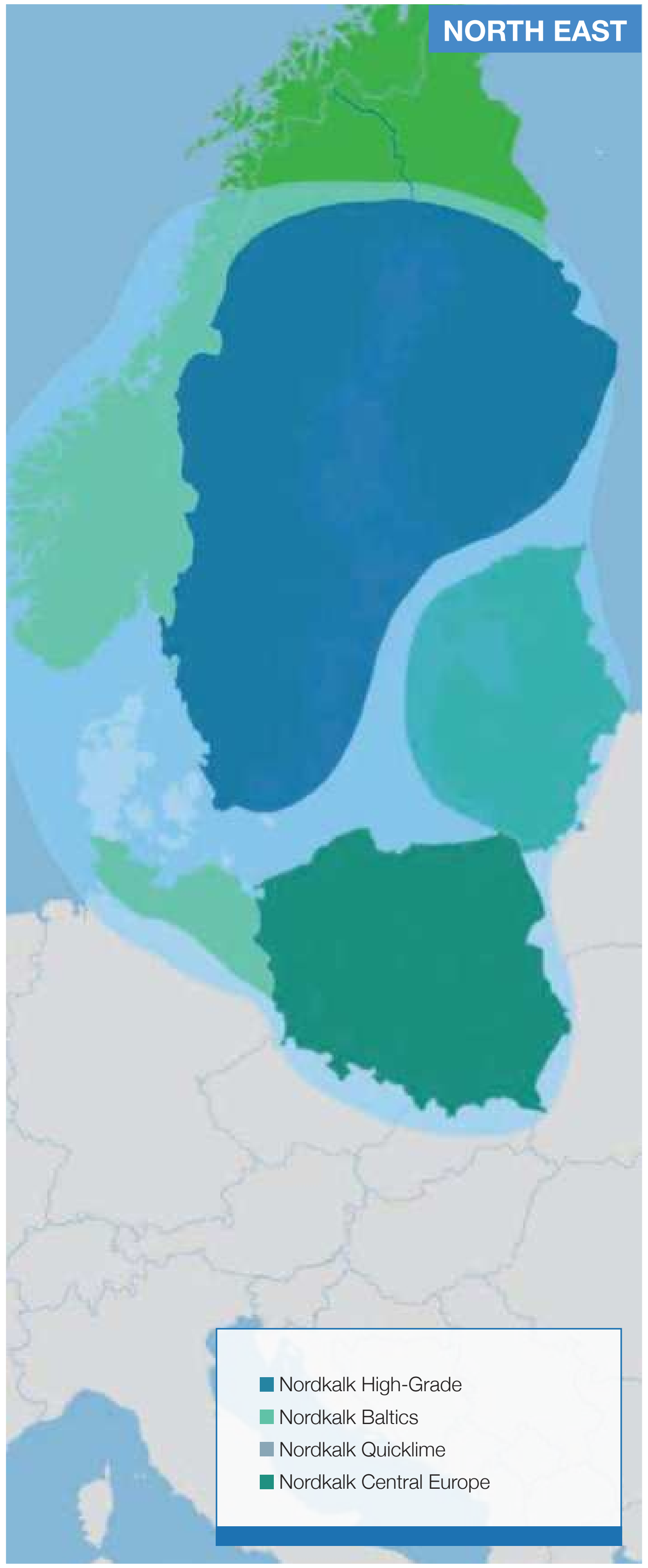


Ten platforms across three regions

EXPANDING LOCALLY USING PLATFORMS AS A STRUCTURE







Our end-markets

CONSTRUCTION

Products: Aggregates, Cement, Ready-Mix Concrete & Concrete Products, Asphalt, Building Stone, Dimension Stone

Customers value the quality and consistency of our ready-mix concrete products, the breadth of our portfolio, our expertise in large projects and our flexibility and reliability. We also offer a range of innovative concretes including Greenbloc, our ultra-low carbon concrete blocks.

CHEMICAL INDUSTRY

Products: Quicklime, Slaked Lime

The chemical industry uses limestone-based products in the neutralisation and cleaning of process and waste waters, and as raw material and filler in various chemical processes. For example, both limestone products and slaked lime are needed in order to produce the calcium chloride spread on roads to reduce dust and slipperiness.

METAL & MINING

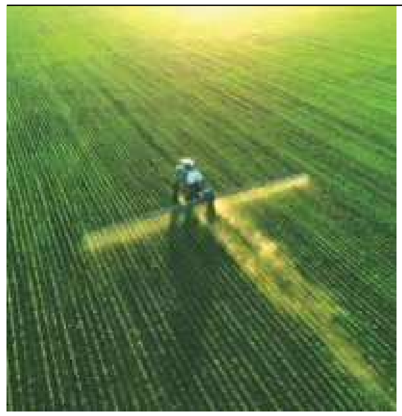
Products: Quicklime, Slaked Lime

To remove impurities from ores, quicklime is added and the mixture is melted at high temperatures. The silicates bond with the lime to form a liquid called slag, which is immiscible with the molten metal. This slag, which is full of impurities, can be easily drained out, leaving behind the purified metal. It is used to make calcium supplements. Inside the human body, calcium oxide reacts with water to form calcium hydroxide which later breaks down into calcium and hydroxyl ions to be absorbed by the body.

PULP, PAPER & BOARD

Products: GCC, PCC, Quicklime, slaked lime, limestone powder

The paper and cardboard industries use lime-based coating pigments and fillers such as GCC (Ground Calcium Carbonate). GCC is made from concentrated and fine-ground calcium carbonate and used to make fine paper, cardboard packaging and pulp-based paper.



ENVIRONMENT & AGRICULTURE

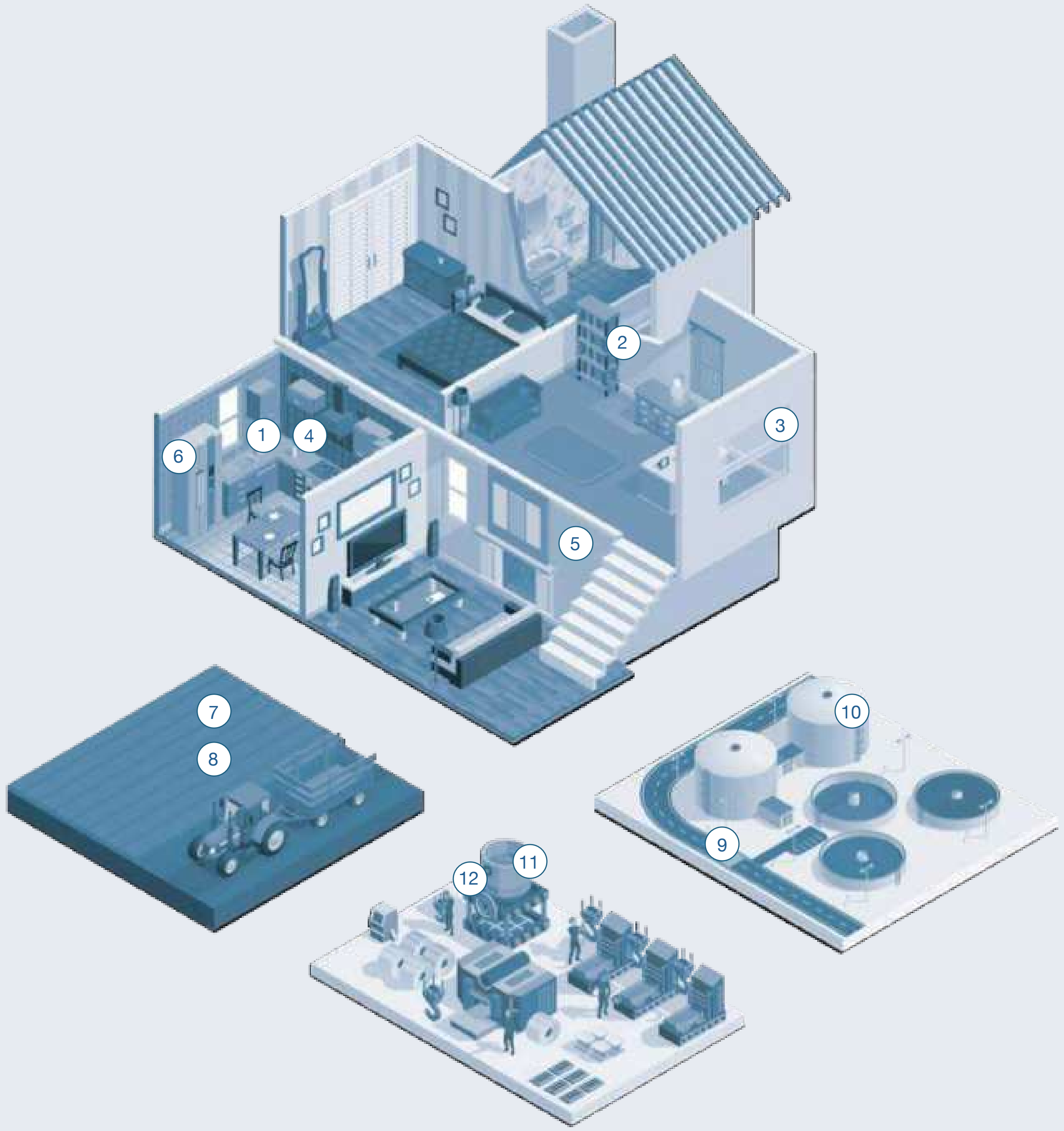
Products: Quicklime, Slaked Lime, Limestone Powder, Agrilime, Fodder

Although widely known as Soil Stabilisation, there are a number of distinct processes which can be carried out by the addition of quicklime to waterlogged, clay bearing or contaminated land. Improvement is the first process step, which is the drying out of water bearing material by the heat generating reaction with quicklime, this also converts some of the free water to hydrated lime. Using this process, it is possible to convert an unworkable site into a solid working platform providing a base for construction development, or alternatively as a potential area for agricultural use.

Lime as an essential product

Lime is an essential element in the production of a series of other products, such as sugar, paper and glass.

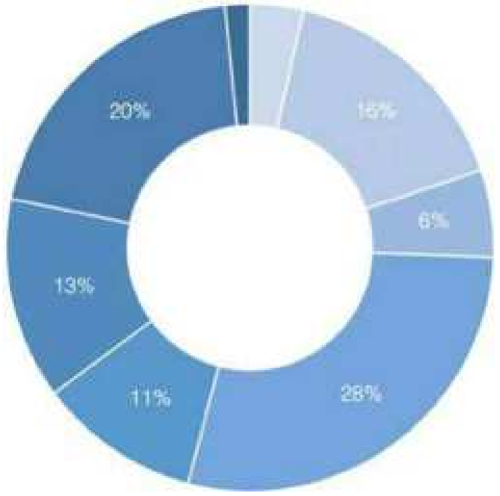
1 Sugar	4 Plastics	7 Soil stabilisation	10 Water Treatment
2 Paper	5 Plaster	8 Agriculture	11 Iron & Steel
3 Glass	6 Aluminium	9 Asphalt	12 Flue Gas Purification



End-markets diversity means greater resilience and more opportunity

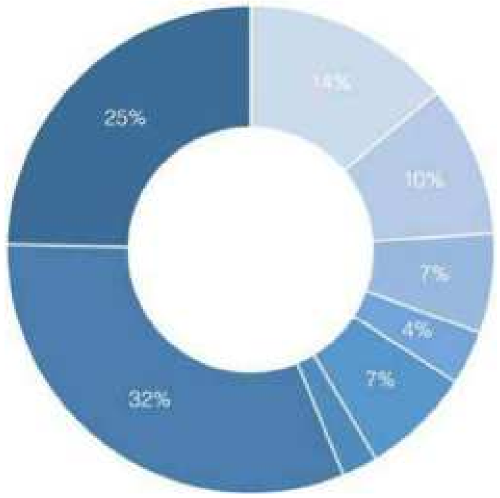
FY22 REVENUE SPLIT BY COUNTRIES

Finland	28%
UK	20%
Benelux	16%
Sweden	13%
Poland	11%
Channel Islands	6%
Baltics	4%
Other	2%



FY22 REVENUE SPLIT BY MARKETS

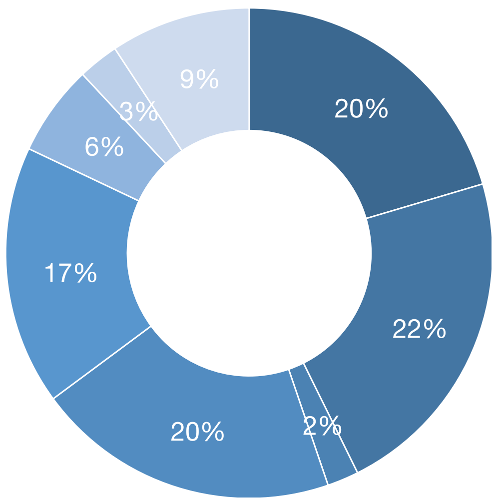
Infrastructure	32%
Residential	25%
Pulp, paper and board	14%
Metals and mining	10%
Environment	7%
Agriculture	7%
Chemical	4%
Other	2%



FY22 REVENUE SPLIT BY PRODUCTS

Industrial minerals	
Quicklime	22%
Limestone powder	20%
Other	2%

Construction minerals	
Aggregates	20%
Ready-mix and concrete products	17%
Asphalt and surfacing	6%
Other	3%
Dimension stone	9%



Each quarry can serve many markets

MINERALS	COLLEAGUES	SITES	PLATFORMS	REGIONS
1.6bnt	c.2050	84	10	3

QUARRYING OPERATIONS

QUICKLIME
Kiln sites | 9
Slaking sites | 4
Production | ~ 722 Kt

GRINDED
JV factory in Lappeenranta (SKOY)

Limestone grinding and screening | 15

AGGREGATES
Crushed limestone (various sizes)

Crushed granite

DIMENSION STONE
Production of Belgian bluestone | ~ 900,000sqm

DOWNSTREAM PRODUCTS
Concrete plants | 14
Asphalt plants | 5

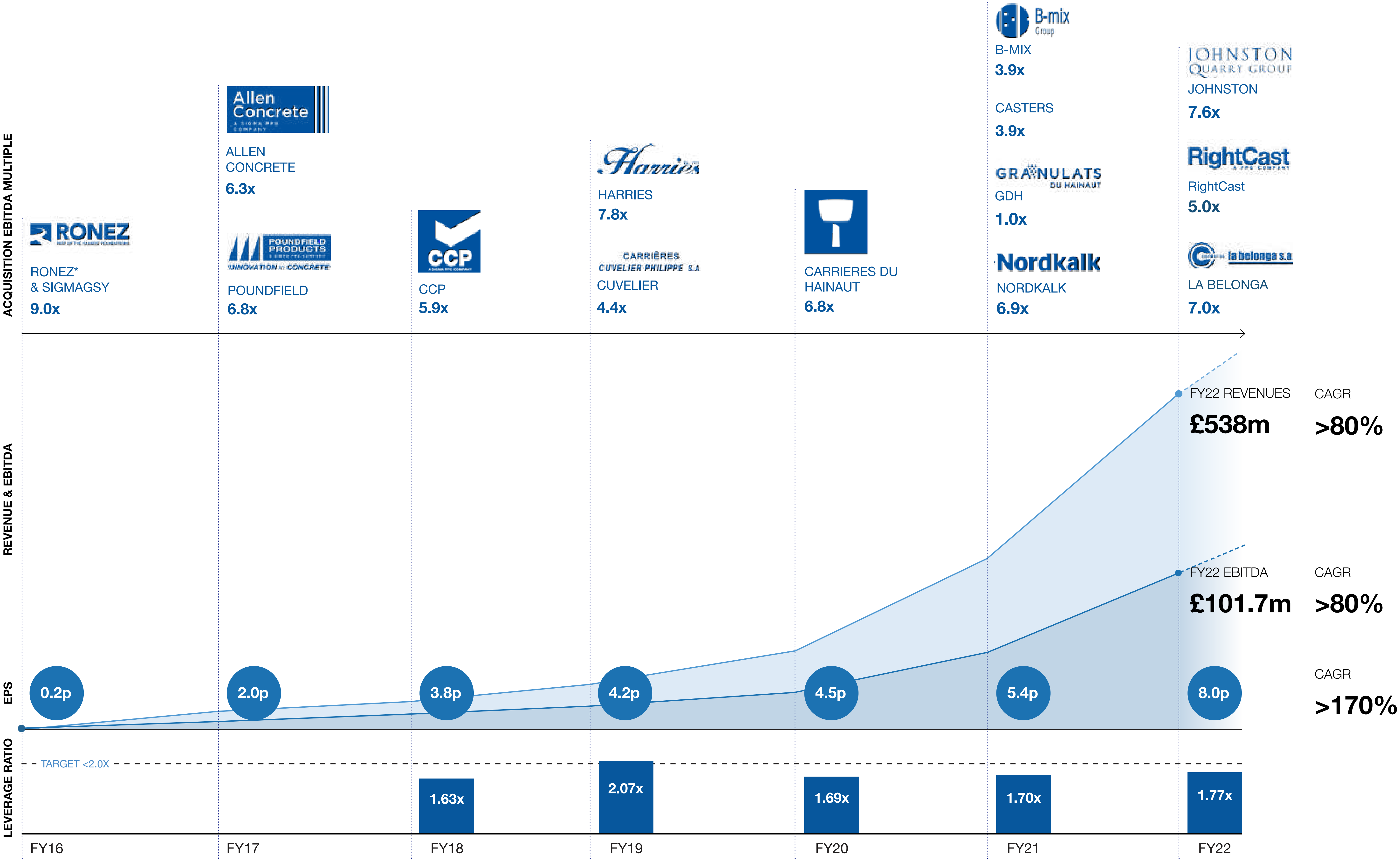
PULP, PAPER & BOARD	METALS & MINING	ENVIRONMENT & AGRICULTURE	CONSTRUCTION & INFRASTRUCTURE	PAPER, BOARD & GCC
14%	10%	14%	57%	14%

CASE STUDY: CARRIERES DU HAINAUT

Carrieres du Hainaut is one of our largest operations in Belgium, where we produce around 1.5m tonnes of construction aggregates, 1m square metres of dimension stone and 15k tonnes of high grade powder annually. The quarry therefore services major infrastucture projects, interior design of the highest level, as well as the chemical industry. Our extraction effort, whether we extract one of these products or all of them is broadly the same.

Our operating model focusses on horizontal integration, control of our operating cost and increasing margins. That is the consequence of our business model.

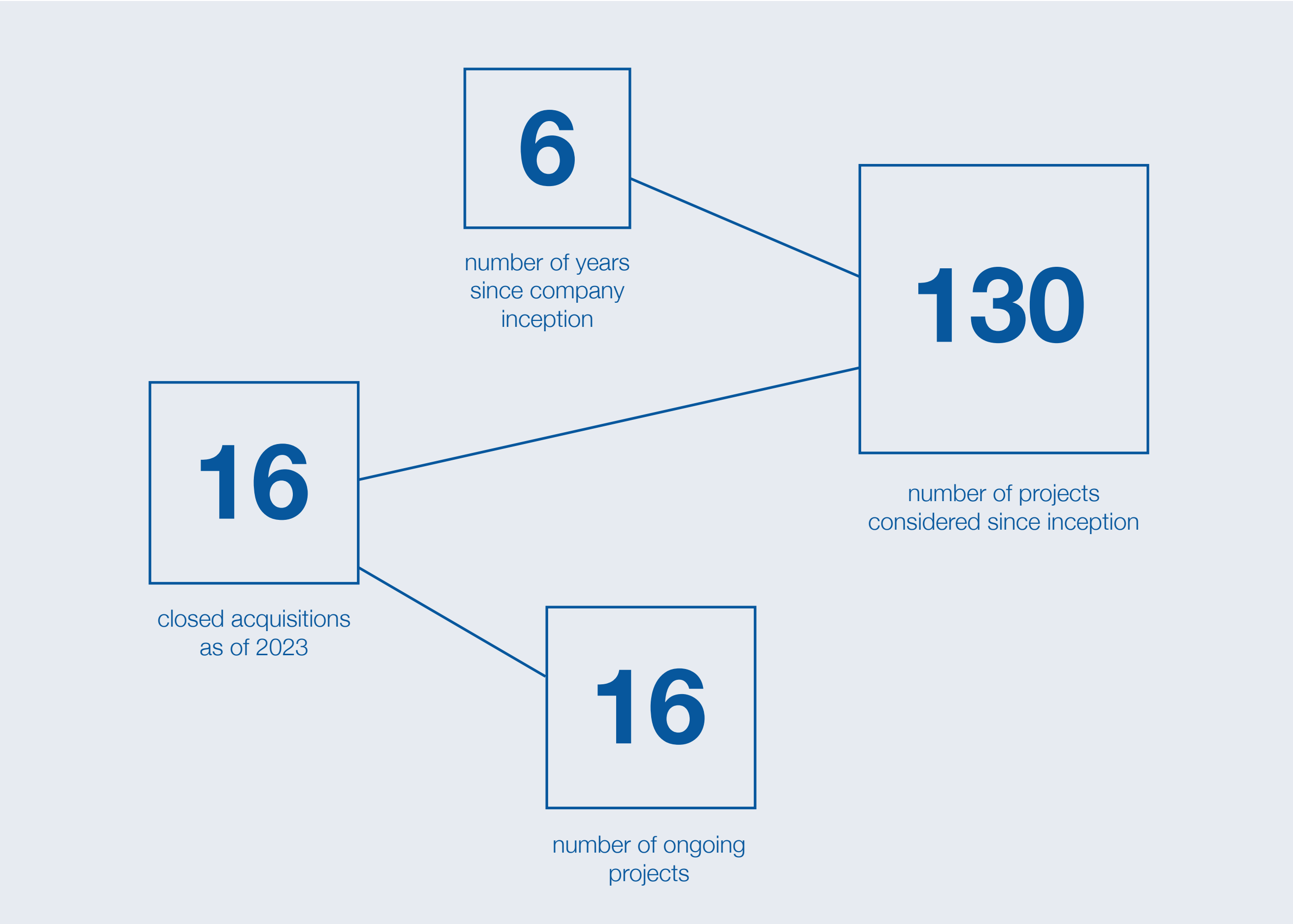
Sustainable long-term growth track record



*Ronez was acquired in December 2016

Acquisition strategy

M&A AT A GLANCE



TARGET CONSIDERATION

Financial factors	Qualitative factors
RECOGNISED TRACK RECORD	CORE REGIONS
EARNING ENHANCING	QUALITY ASSETS
CLEAR GROWTH POTENTIAL	STRONG CUSTOMER RELATIONSHIPS

Post acquisition

The Group has 5 imperatives in order to make sure that the M&A deals bring value:

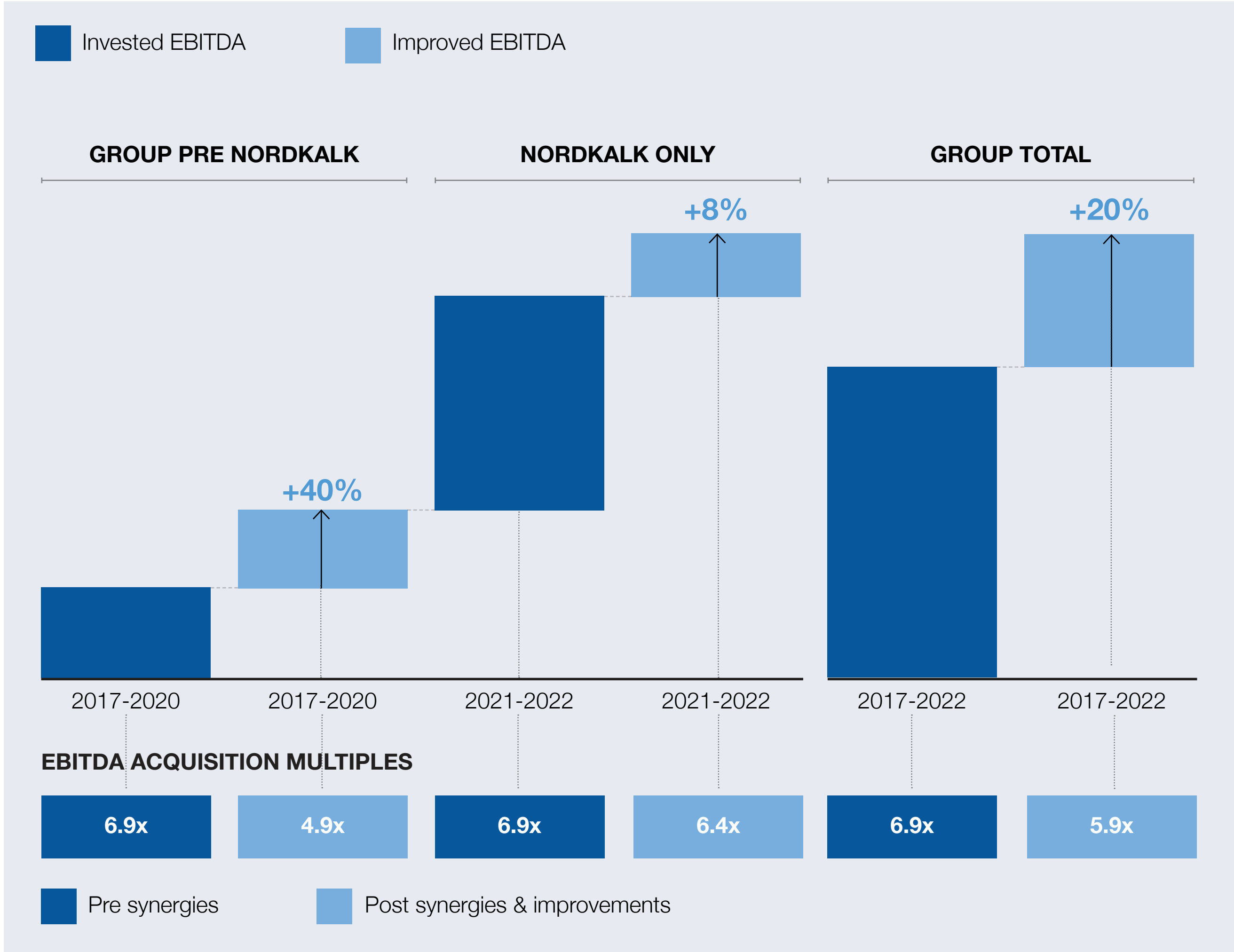
- Aggressively pursue synergies according to objectives of the integration;
- Keep the current business strong by involving current customers in the integration process;
- Improve the operating model of the business if necessary;
- Rigorously manage cultural integration and change management if necessary;
- Actively communicate with the newly acquired business.

Lessons learned

- We use a full potential approach to identify all possible areas of improvements rather than simply the obvious ones;
- In a post-pandemic world, the Group continues to proceed carefully in order to make new acquisitions at the right time;
- Rigour and speed continue to be key in the execution of the acquisition plan.

Improving every business, driving enhanced returns

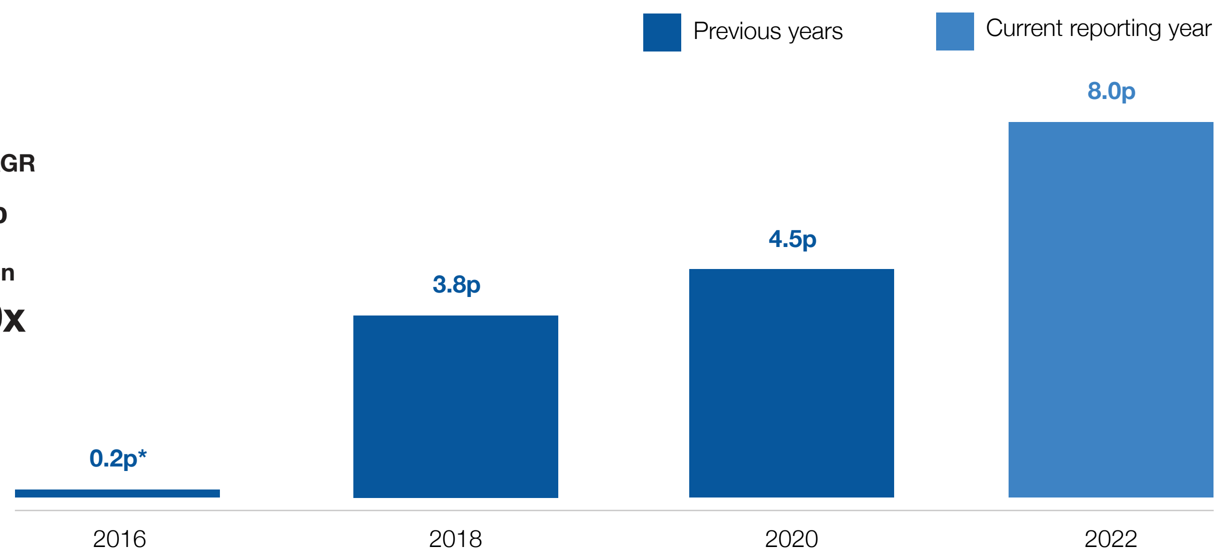
EBITDA IMPROVEMENT



EPS
(p/share)

16-22 CAGR
171%

Expansion
400.0x



*Based on Ronez numbers

Regions and platforms

New group structure

Following the transformational acquisition of Nordkalk in August 2021, the Group's geographical footprint, product offering, and end-user markets changed substantially. Whilst wishing to retain the established platform model, which has proven effective in ensuring the businesses remain locally focused and agile, we saw the potential to enhance this through additional Group level structure to support further growth and expansion.

We have augmented our platforms with an overarching regional structure. Each region has a Managing Director and Financial Director who are responsible and accountable for overseeing performance, steering development, and driving growth. While these roles and responsibilities are new, the people occupying them are not. They are either MDs and FDs of platforms within the region, taking on a larger remit but retaining their prior responsibilities, or they are incumbents in the role (but with a new title) and the organisation beneath them has been reorganised, such is the case with Nordkalk.

The new regional structure aligns the Group as follows:

Region	MD	FD	Countries	Platforms
North West	Michael Roddy	Michael Crump	UK	PPG
			Channel Islands	England
				Wales
				Channel Islands
West	Emmanuel Maes	Dean Masefield	Belgium	Dimension Stone
			Netherlands	Benelux
			Luxembourg	
			Northern France	
North East	Paul Gustavsson	Marcel Gestranius	Finland	Quicklime
			Sweden	Nordics
			Poland	Poland
			Norway	Baltics
			Estonia	
			Latvia	
			Lithuania	
			Spain[1]	

[1] La Belonga was acquired by Nordkalk and currently reports into the North East region; this will be reviewed as the Group develops.

At a product level, the Group has defined three core product categories which it uses to assess performance, being industrial minerals, construction minerals and dimension stone.

New group structure

Industrial minerals are higher-grade limestone products, produced from quarried limestone material which is processed into an ore and then ground into powders and granulates or burnt into quicklime, which can then be further processed through re-carbonation. Industrial minerals also include other high-grade specialised minerals such as dolomite and wollastonite. Industrial mineral customers are typically large national or multinational corporates under fixed annual supply agreements over long-term contracts. Predominantly these contracts include dynamic pricing mechanisms to adjust for changes in the price of key input costs such as energy and logistics.

Construction minerals are quarried lower-grade limestone or granite products, crushed to various size specifications, and sold as aggregate or processed into value-added products such as concrete blocks, pre-cast concrete, ready-mix concrete, and asphalt. Construction mineral customers range from:

- Government Agencies for construction and maintenance of vertical and horizontal infrastructure such as roads and sea defences.
- Large corporates for vertical and horizontal construction including commercial and residential.
- Independent house builders and contractors.
- Merchants and resellers including shipping agencies and wholesalers.
- Individuals and small businesses undertaking small projects and home improvements.

Dimension stone is natural limestone with unique characteristics (colour, texture, and pattern) which is quarried as large blocks, processed into slabs and then cut and finished to various specifications. Dimension stone is used in the construction market for infrastructure and residential projects as tiles, skirtings, paving, cladding and bespoke applications such as kitchen benches and swimming pools. Dimension stone customers include stone transformers and cutters, wholesalers, building merchants and contractors. Customer contracts range from multi-year development projects, structured supply arrangements and periodic or one-off orders.

In terms of end-markets, the Group broadly fits into two primary categories, being construction materials and industrial minerals.

Quicklime and high-grade limestone materials have many industrial applications, ranging from fillers in the production of cardboard to reactive agents in the treatment of flue gas, soil, and water. The Group's industrial mineral markets comprise:

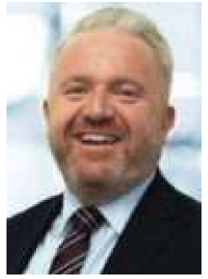
- **Pulp, paper & board:** Quicklime is required in the closed chemical circulation of modern pulp mills, helping decrease environmental impact of the production process. Approximately 250 kg of quicklime is required to produce a tonne of pulp. Quicklime and limestone are also used as filler in the production of paper and cardboard and more broadly in effluent treatment.
- **Metals & mining:** Quicklime and limestone are used in various metal production applications, including steel and copper production and metal recycling. Quicklime is also an important chemical for regulating various processes in the mining industry.
- **Environmental:** Quicklime, slaked lime and limestone powders are used to remove acidic compounds such as sulphur, chlorine and fluorine from flue gas before the chimney. Quicklime and slaked lime are also used to treat water, raising the pH level of drinking water and reducing toxicity of wastewater.
- **Agriculture:** Quicklime is critical in achieving sustainable and more productive agriculture, both in terms of livestock and farming. Limestone is also used to increase soil pH and in animal feed.
- **Chemical:** Finely ground limestone powders are used as fillers in paint and adhesives. Wollastonite is also used to enhance properties of paint, plastics, and other unique applications.

Quarried limestone and granite minerals are used in the construction of roads, concrete, and other building materials. Construction materials markets are broadly categorised as either infrastructure or residential:

- **Infrastructure:** Uses quarried limestone or granite minerals in the construction of large infrastructure projects such as roads, railways, bridges, ports, airports and commercial buildings. Primary products include aggregates, asphalt and contract services, ready-mix concrete, pre-cast concrete and dimension stone.
- **Residential:** Uses quarried limestone or granite minerals in the construction of various forms of housing. Customers include large national housebuilders, developers, contractors and individuals. Primary products include aggregates, pre-cast concrete & concrete products, ready-mix concrete, and dimension stone.

North West

The North West region is led by Michael Roddy and geographically covers England, Wales and the Channel Islands. It comprises four platforms which are detailed below. The North West is primarily focused on the construction industry, which accounts for 99% of revenue, and the core product group is therefore construction minerals, including pre-cast concrete & concrete products, ready-mix concrete, asphalt & surfacing, dimension stone and aggregates.



Michael Roddy

North West MD and MD of PPG

With over 20 years' experience working within the construction supply chain, Michael has been ExCo of SigmaRoc's PPG platform since December 2017, during which time he has overseen the acquisition and integration of all platform entities. More recently Michael's role has been expanded to MD of the North West region, which includes PPG and adds oversight of Johnston and Harries.

As MD of the North West, Michael is responsible for overseeing the growth and development of the region while also maintaining core focus on his role as MD of PPG. At PPG Michael is leading the development of the Greenbloc portfolio of ultra-low carbon concrete products, expanding the UK footprint of businesses and penetrating the European market.

Michael holds an MBA from Robert Gordon University and a bachelor's degree in business from Dublin Institute of Technology.

Key metrics for the North West region during the year were as follows:

Financial metrics	2022	2021	Change
Revenue	£139.5m	£103.3m	+35%
Underlying EBITDA	£30.0m	£18.0m	+67%
Underlying EBITDA margin	21.5%	17.4%	+410bps
Sales volume metrics	**2022**	**2021**	**Change**
Industrial mineral (tonnes)	-	-	-
Construction mineral (tonnes)	3.3m	2.6m	+26%
Dimension stone (m3)	3.2k	-	-
Operational metrics	**2022**	**2021**	**Change**
People	669	551	+21%
Reserves and Resources (tonnes)	188.5m	101.3m	+86%
Sites	35	27	+30%

Reported revenue and Underlying EBITDA were both up YoY in 2022, reflecting the impact of the acquisitions of JQG and RightCast, together with organic improvement in the underlying businesses, which saw YoY LFL revenue growth of 15% and Underlying EBITDA growth of 18%. The primary drivers of the organic improvement are PPG and in particular Poundfield, which more than doubled EBITDA YoY, and Wales, where Harries had strong sales that carried through into EBITDA which was up 25% YoY.

Construction mineral volumes were up as a result of the JQG and RightCast acquisitions. On a YoY LFL basis, volumes were down slightly across all platforms in the North West, with most of the softening occurring in the second half of 2022.

It is testament to the quality of the management teams in the North West that they were able to increase earnings while experiencing softening volumes.

Michael Crump

North West FD and FD of PPG

Michael joined SigmaRoc in 2019 and is currently Finance Director for the North West region and the PPG Platform. In these roles Michael is responsible for transforming the financial processes from legacy systems to an integrated group structure. Furthermore, Michael has led the development of financial analysis and reporting to support the investment and growth of the businesses.

Michael began his career in audit, initially in Australia and later in the UK with BDO. After qualifying he spent a number of years in various finance roles within Jaguar Land Rover. Michael holds a Bachelor of Commerce from Griffith University, Australia and is a member of The Institute of Chartered Accountants in England & Wales.

PPG

PPG is a group of companies specialising in manufacturing precast concrete products and blocks. The platform includes Allen Concrete, Poundfield Products, Cheshire Concrete Products and more recently RightCast. With a triangulation of bases in London, on the East Coast and in the North West, PPG supply a wide and diverse range of industries ranging from house builders and farmers to national sea defence projects and international contractors, both directly and through merchants. The PPG companies are some of the most experienced and innovative in their industry; some operating for over 70 years and collectively owning a significant number of patents and licences.

Platform Highlights

2022 has been a hugely successful year for the PPG platform.

Maintaining the health and well-being of our staff remained our most important objective and 2022 saw an increased focus on behavioural safety techniques, which has led to a reduction in incident severity and frequency. Safety pitstops were completed across the platform with focus on mental health awareness and wellbeing, further enhancing the proactive safety culture.

Our commitment to developing our people saw many senior appointments across the platform via internal promotion. Furthermore, we successfully launched an apprenticeship programme from which 11 new apprentices were hired.

In terms of business performance, Poundfield had a record 12 months, increasing revenue by 45% over the previous year. This expansion followed a focus across a range of commercial activities, in particular the bespoke division, where we have expanded our project capabilities and market opportunities. The uplift in financial performance has been supported by operational improvements that have been implemented over the past year. Significant capital investment has been deployed at Creeting quarry, increasing storage capacity, and preparing the business for further growth. The Llay facility also received investment in plant and people, which has yielded an increase in production capacity. Other highlights include our collaboration with B-Mix to develop our first precast concrete facility in Europe and attaining ISO 90001 accreditation.

> Our commitment to developing our people saw many senior appointments across the platform via internal promotion.

At CCP, a new asset care strategy was implemented to generate operational efficiencies, and continued investment in technology has further enhanced our ultra-low carbon concrete (ULCC) offering in line with our commitment to provide a tangible approach to decarbonisation within the built environment. The long-term outlook of our Aberdo quarry was strengthened through investment in a large capacity wash plant, giving us the potential to release approximately 5 million tonnes of limestone reserve, currently constrained by material that was designated as waste, but will now be commercialised.

Allen Concrete had another successful year, maintaining continued high service levels, which coupled with close relationships to our loyal customer base, resulted in a strong customer retention rate within a competitive market. All products at our Wellingborough plant are manufactured using limestone cement (CEM2), which is further progress in our commitment to decarbonisation. We have invested in additional plant and machinery at our Wellingborough site, reducing lead times, strengthening our product offering and reducing operating costs.

In April 2022, we added RightCast to our platform, and shortly after secured the largest order in its history, being a new Amazon fulfilment centre in Birmingham. The units were designed, manufactured, and delivered to a tight schedule, with the final delivery in September 2022. The successful completion of the project has led to multiple enquiries for similar larger scale work, which is only serviceable following investment made post acquisition.

Platform Metrics

Key metrics for the PPG Platform during the year were as follows:

	2022	2021	Change
People	249	192	+30%
Reserves and Resources (tonnes)	13.8m	14.1m	-2%
Sites	8	7	+14%

The PPG Platform welcomed 25 new people when the Group acquired RightCast and the remaining 32 person increase is primarily due to expansion within the Poundfield bespoke division.

England

Following the acquisition of the Johnston Quarry Group in January 2022, the Group established its England Platform focusing on quarried and mined limestone for the construction market.

Johnston is a specialist quarried materials supplier producing construction aggregates and premium quality building stone, as well as agricultural lime for soil improvement. Its aggregate products are typically used in infrastructure projects, with its unique Cotswolds Ironstone and Bath Stone used in specified high end housing applications.

The business currently consists of four quarries, three mines and two separate stone processing sites located across the Southwest, Oxfordshire, and Lincolnshire. Johnston has access to 86 million tonnes of freehold and leasehold reserves giving it an average life of over 40 years.

Platform Highlights

Maintaining the health and well-being of our staff remained our most important objective across all our businesses and 2022 saw an increased focus on behavioural safety techniques which has led to a reduction in incident severity and frequency. Safety pitstops were completed across our platform, with the focus on mental health awareness and wellbeing further enhancing our proactive safety culture. The feedback from our colleagues has been very positive.

The financial performance of JQG has been supported by a full review of operating costs and savings being realised by integrating many parts of the SigmaRoc supply chain. Coupled with this, a detailed and forensic operational review allowed us to increase production without the need for additional investment. An in-depth review of all commercial activities delivered an improvement in both revenue and margin. Continued high levels of customer service, close relationships with our customer base and high-quality products have led to high levels of customer retention throughout the year.

Our Bath Stone Group had an impressive year, exceeding expectations both in terms of financial performance and operational improvements. The company has an impressive order book and increased production capacity leading into 2023. We will soon begin secondary processing of historic and new waste streams to provide additional income and make available valuable void space, which will support continued growth and increased market share in the coming year.

Building Stone is the processing and stone masonry arm of Johnston Quarry Group. The business delivered exceptional results in 2022. Immediate investment in additional production facilities whilst improving the efficiency of the current operations allowed for an increase in sales and margin. Like Bath Stone Group, Building Stone has a strong order book as we head into 2023.

Within our quarries division, we witnessed increased levels of production, an improved health & safety culture and investment across all sites that helped deliver further growth within the year but more importantly sets the business up for continued sustainable profitable growth over the coming years.

The most encouraging and satisfying aspect to the year within JQG was the cohesive integration of the business, its people, supply chain and their loyal customers into the wider SigmaRoc Group.

Looking forward, more opportunities remain in all sectors of the business to further improve efficiencies and output, the group to continue to take a share of the higher end of the market, where revenues and margin remain strong.

Platform Metrics

Key operational metrics for the England Platform during the year were as follows:

	2022	2021	Change
People	74	-	n/a
Reserves and Resources (tonnes)	90.8m	-	n/a
Sites	7	-	n/a

The England Platform was established when the Group acquired JQG in January 2022, hence there are no 2021 comparatives.

Wales

Harries is the cornerstone for SigmaRoc's Welsh platform. Following the Group taking 100% ownership in September 2020, we have a significant footprint in the region with opportunities to expand the businesses organically and acquisitively.

Harries is one of Wales' largest independent suppliers of aggregates. Based in West Wales, it operates out of six granite and limestone quarries incorporating three asphalt plants, eight concrete plants, and a wharf operation, as well as a civil engineering division delivering significant infrastructure projects.

Harries now forms part of the North West region and is therefore overseen by Michael Roddy, who is also acting as interim MD to the platform. Following the award of the SWTRA contract and in preparation for tendering of the NMWTRA contract, the business has been restructured into two divisions:

1. **Construction Materials**, which focuses on aggregate and ready-mix concrete and is led by Simon Lewis.
2. **Construction Services**, which focuses on civil engineering, road surfacing, road construction and asphalt and is led by Nick Cleary.

Harries is the cornerstone for SigmaRoc's Welsh platform following the Group taking 100% ownership in September 2020

Platform Highlights

The Wales Platform achieved significant organic growth during 2022, with EBITDA increasing by 25% YoY, which is attributed to strong price improvements and better operational efficiency.

To maximise profitability, Harries was restructured into two divisions, being Construction Materials, focused on quarried materials and ready-mix concrete, and Construction Services, focused on civil engineering and road surfacing. This allowed for improved operating focus and clear profit and loss responsibilities.

Strategically, the Wales Platform secured a position on the SWTRA surfacing framework, which is worth an estimated £12 million in net sales over three years. Additionally, it acquired a strategic location and planning permission to expand its asphalt business along the M4 motorway corridor to Swansea.

Innovation has been a key focus during 2022, with Harries launching its first asphalt product containing recycled nappy fibres to be used in road construction. Harries also invested a total of £1.5 million in CapEx, including an upgrade of the primary crusher at its flagship Bolton Hill quarry.

With regard to sustainability, Harries completed a carbon baseline assessment and a net-zero reduction plan, which will be supported by internalising renewable energy sources.

Platform Metrics

Key operational metrics for the Wales Platform during the year were as follows:

	2022	2021	Change
People	209	219	-8%
Reserves and Resources (tonnes)	73.5m	76.5m	-4%
Sites	14	14	-

Operational efficiency improvements in the Wales Platform have led to a reduction in headcount during 2022.

Channel Islands

Ronez's operations supply the Channel Islands with aggregates, ready-mixed concrete, asphalt and precast concrete products and services. Operating out of multiple sites across Jersey and Guernsey with satellite offerings on other islands, Ronez offers a full range of high-quality construction products and services. The creation of a shipping division, SigmaGsy, by SigmaRoc upon acquisition of Ronez has helped with transporting dry-bulk materials to and from our own sites as well as third party sites in the UK and Europe, resulting in higher profits and operational efficiency.

Mike Osborne

Managing Director

Mike Osborne is the Managing Director of the Channel Islands platform, reporting directly to the CEO, having previously been Managing Director from 2007 until the company was acquired by SigmaRoc in 2017, and has been responsible for Ronez's strategic direction and operational management.

Ronez continues to be a cornerstone asset of SigmaRoc, delivering consistently strong results with a history of riding the economic cycle normally associated with the UK.

Ronez won the JE Sustainability Award in 2022 at the Jersey Construction Awards. In previous years, they have also won the Best Use of Innovation Awards (2019 and 2021).

Platform Highlights

The Channel Island Platform navigated a difficult year very successfully, reporting YoY EBITDA growth of 5%, despite facing a challenging mix of rising inflation, substantial increases in production input costs and raw materials, whilst market volumes softened in most product segments.

The operating cost benefits arising from the ongoing investments in plant and machinery continued to boost productivity and help unit cost of production. Strategic procurement of raw materials and efficient hedging reduced exposure to market volatility, which benefited our customers as well as our own business.

Whilst making good progress on short term trading objectives, the long-term security of the business was further enhanced when planning consent was granted to develop a new quarry operation at Chouet Headland in Guernsey. Extraction at the new site, which replaces Les Vardes Quarry, will commence during 2023 and will provide 4 million tonnes of aggregate through its anticipated life. With development on the Jersey quarry extension, which was secured in 2021, already underway, the long-term security of the Ronez operations is extremely strong.

Construction activity in Guernsey strengthened which was reflected through improved concrete volumes. The outlook for house building is encouraging and re-development of health and educational facilities will underpin further progress in 2023. In Jersey, the anticipated pipeline of construction projects was beset by delays arising from political decisions and planning hurdles, but the underlying need for housing is profound and the island's inadequate health facilities, ports and other infrastructure need considerable investment, so the outlook remains optimistic.

Platform Metrics

Key operational metrics for the Channel Islands Platform during the year were as follows:

	2022	2021	Change
People	140	139	+3%
Reserves and Resources (tonnes)	10.3m	10.6m	-3%
Sites	6	6	-

During 2022, planning consent was granted in respect of the Chouet headland in Guernsey, which enhances the availability of reserves (previously classified as resources).

West

The West region is led by Emmanuel Maes and geographically covers Belgium, the Netherlands, Luxembourg and Northern France. It comprises the Dimension Stone and Benelux platforms, which are detailed below. The West is solely focused on the construction industry and the core product groups are dimension stone and construction minerals.

Key metrics for the West region during the year were as follows:

Financial metrics	2022	2021	Change
Revenue	€102.5m	€84.5m	+21%
Underlying EBITDA	€21.7m	€19.8m	+10%
Underlying EBITDA margin	21.2%	23.4%	-220bps

Sales volume metrics	2022	2021	Change
Construction mineral (tonnes)	2.4m	2.1m	+15%
Dimension stone (m²)	0.9m	0.9m	-

Operational metrics	2022	2021	Change
People	496	484	+2%
Reserves and Resources (tonnes)	269.1m	271.7m	-1%
Sites	6	6	-

Revenue and Underlying EBITDA are up YoY through a combination of full year contributions from B-Mix and GduH in 2022, plus organic improvement in the underlying businesses, with YoY LFL revenue up 16% and Underlying EBITDA up 5%. B-Mix and GduH operate at lower margins than CDH and therefore their full year contribution has resulted in some margin erosion, which was further impacted by pass-through of inflationary costs.

The primary drivers of the organic improvement in the West region are the Benelux Platform, in particular B-Mix which increased Underlying EBITDA by 8%, and improved overall performance from Cuvelier.

Construction mineral volumes were up as a result of the full year contribution from B-Mix and also higher volumes from Cuvelier. On a YoY LFL basis, volumes were up 11% driven by YoY increase from Cuvelier and also improved LFL performance from B-Mix, which was up 18% on a LFL basis.

Dimension stone volumes were steady at 0.9m square metres which is in-line with revenue.

Emmanuel Maes

West MD and Head of M&A

Emmanuel joined SigmaRoc in 2019 and has been instrumental in developing the Group's business in Europe. Previously Emmanuel served as CEO of Group De Cloedt (2004-2018), a Belgian company specialising in dredging, production and commercialisation of sand, gravel and hardstone, building the business from €40 million to €240 million annual turnover, through organic growth and acquisitions.

Dean Masefield

West FD, Deputy Group CFO and Director of IR

Dean has occupied numerous roles within the SigmaRoc Group, initially as Finance Director of the Channel Islands Platform, then as Finance Director of SigmaRoc, and more recently as Deputy CFO and Director of Investor Relations. Prior to joining SigmaRoc, Dean held several roles within the finance industry in Jersey, predominantly in trust companies and banks, including a Head of Finance role at BNP Paribas. Dean started his career providing audit, accountancy, and tax services and qualified with BDO in Jersey. Dean is a fellow of the Institute of Chartered Accountants in England and Wales.

Dimension Stone

CDH is the world's largest producer of Belgian blue limestone. CDH presently produces around 115,000 cubic metres of blocks, together with around 800,000 square metres of sawn blocks, of high quality Belgian Bluestone per year, a high-grade dimension stone produced exclusively in Belgium under European protected status. Belgian bluestone can be found in infrastructure and residential projects across the globe.

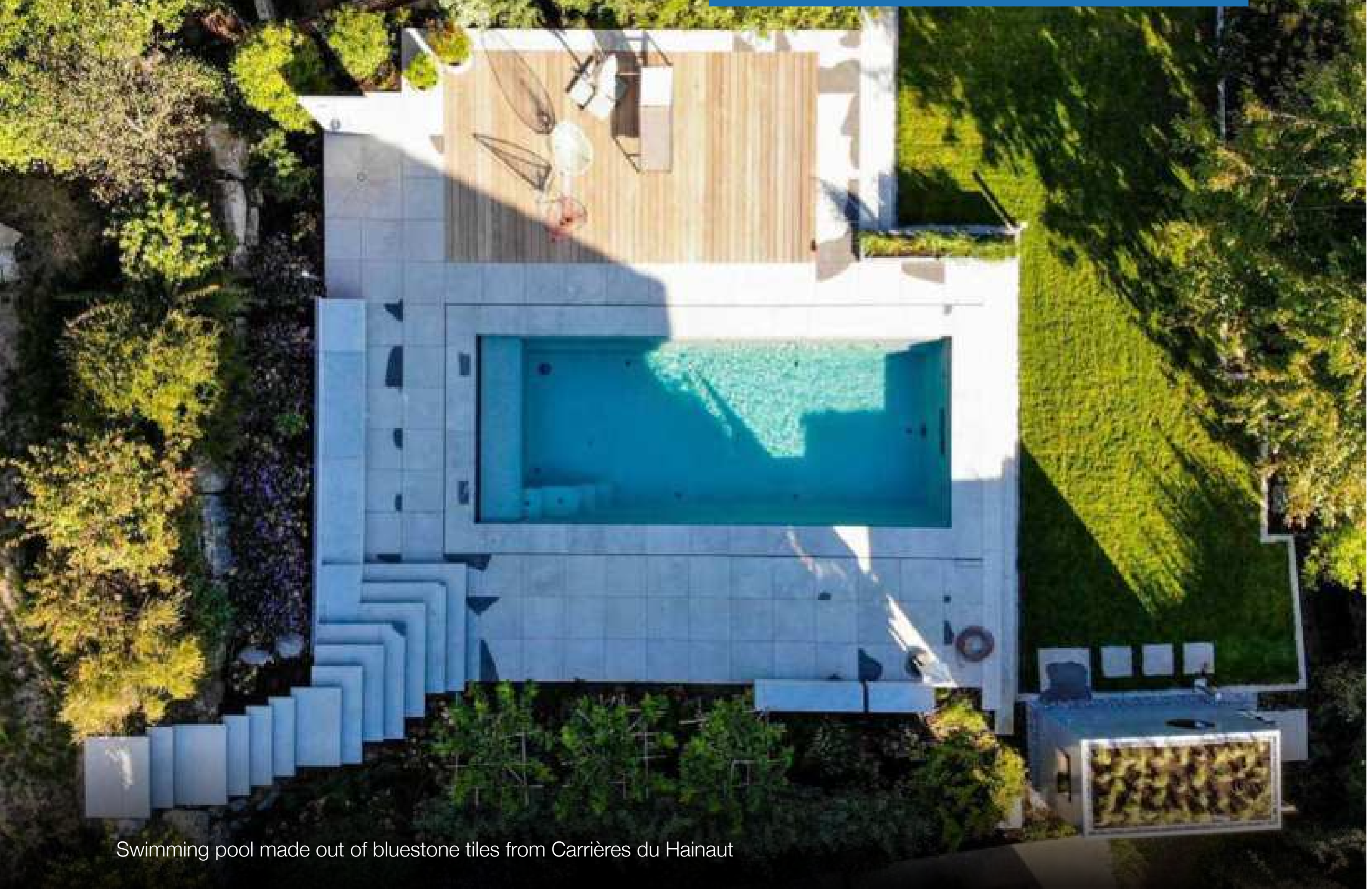
Our Dimension Stone platform is well positioned with reserves and resources of over 150 million tonnes of construction aggregates and over 28 million cubic metres of high quality Belgian Bluestone. The business employs over 420 people and has a proud history, dating back 130 years.

Due to its high quality and distinctive characteristics, Bluestone is a Global Heritage Resource and a sought-after product that travels worldwide (unlike most aggregate products). Bluestone can be used in residential, commercial and infrastructure projects, as well as for architectural and cosmetic applications.

Christophe Huyghebaert

Managing Director of CDH

The Managing Director of CDH is Christophe Huyghebaert, who joined SigmaRoc in 2021 to manage the Group's dimension stone platform. Prior to joining SigmaRoc, Christophe worked for Heidelbergcement Benelux. He has held different management positions in cement, aggregates and concrete operations.



Swimming pool made out of bluestone tiles from Carrières du Hainaut

Platform Highlights

Safety: Continued focus on training of workforce to increase safety awareness and behaviour, with an emphasis on LMRA (Last Minute Risk Assessment). Development of 5S culture and organisation of the work-floor, with implementation of TMP (Traffic Management Plan).

Environment: Completed a successful feasibility study for the construction of two windmills on site, and now in the process of applying for the necessary building permits. Achieved first shipments for sales of sawing fines, with new markets and applications being actively explored.

Performance: CDH maintained strong sales volumes across all product segments and key geographic markets. Bluestone was specifically used for new offices at Euralille in Lille, the development around Penn Station New York, modernisation of the railway station in Leuven and the city centres of Charleroi and Gembloux.

Operations: Extension towards the new extraction area commenced, with the building of a new public access road around the quarry on track. CDH also implemented a new computer aided maintenance management system to improve preventive maintenance processes. Increased electricity costs were partially offset by the newly installed onsite solar farm, with 25% of CDH electricity requirements covered by solar installations. CDH is working to increase its solar capacity.

Platform Metrics

Key operational metrics for the Dimension Stone Platform during the year were as follows:

	2022	2021	Change
People	405	396	+2%
Reserves and Resources (tonnes)	73.5m	73.9m	-1%
Sites	1	1	-

Benelux

Following the Group's takeover of all LafargeHolcim's production installations located at CDH in April 2021, shortly followed by the acquisitions of the B-Mix and Casters businesses in Belgium, SigmaRoc created the Granulats du Hainaut aggregates brand and separated its European heavy-side materials operations into two separate platforms.

CDH continued as a Europe wide dimension stone platform and a new, integrated, concrete and construction aggregates Benelux platform was created, including the GduH, Stone Holdings, B-Mix and Casters businesses. There are 199.9Mt of aggregate reserves and 15.3Mt of aggregate resources attributable to the Benelux platform, in addition to the CDH bluestone reserves and resources.

The Benelux platform produces over 2 million tonnes of aggregates and over 250,000 m3 of concrete, servicing the Hainaut, Liege and Limburg Market. Our aggregate products supply a range of partners and construction companies with products for concrete, sea defence work and riverbank fortification.

Dirk De Leus

Managing Director Benelux

The Benelux platform is overseen by Dirk De Leus. Dirk has over 30 years of experience in the construction industry in the aggregates, ready-mix concrete (General Manager Inter-Beton) and cement markets in Belgium (General manager of Cemminerals). Dirk joined SigmaRoc in April 2022 as general manager of the Benelux platform. He oversees, integrates, and streamlines all the ready-mix and aggregate businesses in Benelux. His main priorities are to grow the business, to professionalise and to make our Benelux business more sustainable. Dirk holds a degree of commercial engineer of the University of Leuven.

Platform Highlights

- Appointment of Dirk De Leus as Managing Director.
- Ready-mix concrete plants had a very good year, with strong volumes and even higher sales prices which enabled input cost inflation to be passed through, resulting in stable margins.
- The Cuvelier quarries had a very good year also, with strong market demand leading to increased volumes and stable margins.
- Finally, the volumes of Granulats du Hainaut, our quarry in Soignies, were not up to expectations. Nevertheless, final plans were made for the new crushing installations, which will replace the old plant of Holcim in 2025, in collaboration with our 25% shareholder Carrières du Boulonnais. The choice of the supplier will be finalised in 2023.

Platform Metrics

Key operational metrics for the Benelux Platform during the year were as follows:

	2022	2021	Change
People	91	88	+3%
Reserves and Resources (tonnes)	195.6m	197.8m	-1%
Sites	5	5	-

North East

The North East region comprises Nordkalk, which has recently been reorganised into four primary platforms, each of which is expanded upon below. Nordkalk is the leading company providing limestone-based products and solutions in Northern Europe. Delivering essential raw material to numerous industries and focusing on sustainable solutions, Nordkalk helps our customers reduce their environmental impact. The company's solutions contribute to clean air and water as well as the productivity of agricultural land. With over 800 employees and a rich history spanning over a century, the North East region consists of more than 40 locations across 10 countries.

Limestone is found in many products: it is an essential input used in numerous industries including construction, agriculture, environmental protection, chemicals, metals & mining and pulp & paper. In addition to the traditional segments served since inception, the Company keeps opening new frontiers through innovative applications.

Circular economy products comprise 12% of Nordkalk sales volumes and the Company aims at increasing this number. Nordkalk has a long history of using its by-products which results in its material efficiency being more than 90% and rising.

Regional Highlights

- Improved health & safety performance with LTIFR at historically low level.
- Launched six new sustainable products, with focus on circular solutions.
- Successfully managed energy cost increases through dynamic pricing and flexible working schedules.
- Strategic reorganisation to provide focus on quicklime, bolster Nordic limestone and carbonates business and create a new Baltic region to seize market opportunities.
- Significant steps in sustainability by implementing tests with renewable fuels and by planning the first carbon capture facility to be installed in Q1 2023.
- Investment in future growth and securing long term reserves by acquiring a major high-quality limestone reserve in La Belonga, located near Oviedo in Spain.

Key metrics for the North East region during the year were as follows:

Financial metrics	2022	2021	Change
Revenue	€365.3m	€111.8m	+227%
Underlying EBITDA	€72.5m	€22.3m	+225%
Underlying EBITDA margin	19.8%	19.9%	-10bps

Sales volume metrics	2022	2021	Change
Industrial mineral (tonnes)	3.2m	1.2m	+172%
Construction mineral (tonnes)	11.0m	3.7m	+194%

Operational metrics	2022	2021	Change
People	827	821	+1%
Reserves and Resources (tonnes)	1,142.0m	962.1m	+19%
Sites	43	43	+2%

Financial and sales volume metrics are skewed YoY due to only a four-month contribution to the Group from Nordkalk in 2021. On a YoY LFL basis, North East revenue was up 22% and Underlying EBITDA up 12%, with volumes up on average by 1%.

Revenue was up primarily as a result of dynamic pricing and contractual pass-through of input cost inflation, while Underlying EBITDA improved through a combination of operational improvements, cost control and hedging strategies.

Weaker volumes for high-grade limestone in the Nordics, due to the union strike in Finland, and some softening in aggregates demand in Poland, was offset by stronger aggregates demand in the Nordics and Baltics.

Paul Gustavsson

North East MD and CEO of Nordkalk

Paul joined Nordkalk as CEO in 2019. Prior to joining Nordkalk, Paul was CEO of Britax from 2015-2018. From 1999-2015 Paul held several senior management positions at Volvo Cars. He holds a degree in Sc. Industrial Engineering & Management from Chalmers University of Technology in Gothenburg, Sweden.

Marcel Gestranius

North East FD and CFO of Nordkalk

Marcel joined Nordkalk in January 1998 and has over 20 years of experience in various leadership positions. Marcel began as an ICT coordinator and has held the position of division controller, financial director, group controller, acting initially as CEO and currently CFO. Marcel holds a master's degree in Information Processing.

Quicklime

Nordkalk created a dedicated quicklime platform to provide an industrial focus on quicklime production and customers. The new Quicklime platform will manage the energy transformation from fossil to renewable fuels and upgrade its kiln network to meet sustainability requirements. The platform consists of Nordkalk's own kilns in Finland, Sweden and Estonia, kilns operated by JV companies in Sweden and Norway, and customer owned kilns in Finland and Germany that are operated by Nordkalk.

Platform Highlights

- Strong sales buoyed by increased market share in pulp & paper and decreased import from Russia and Belarus due to trade bans which particularly benefited sales to Estonia.
- Biofuel projects proceeded according to plan.
- Co-operation agreement signed with Norwegian carbon capture technology provider Aqualung.
- Clear benefits from industrial reorganisation focusing on improving operations and preparing for growing sustainability requirements.
- Focus on residual streams and material efficiency. Several new products launched during the year.

Platform Metrics

Key operational metrics for the Quicklime Platform during the year were as follows:

	2022	2021	Change
People	128	126	+2%
Kilns	10	11	-9%
Sites	13	13	-

During the year the Quicklime Platform recruited a new sales director, and one rotary kiln in Finland, which was primarily used as back-up productive capacity, was mothballed.

Mikael Furu

MD of Quicklime

Mikael has been working at Nordkalk in different managerial positions since 2009. In October 2022, he was appointed as MD for Nordkalk's new Quicklime platform. Before that he held the position of EVP responsible for Nordkalk's Northern Europe region. Prior to joining Nordkalk, Mikael worked at sales in Metso Paper. He holds a degree in Master of Science in Engineering, Process Technology from Åbo Akademi University in Turku, Finland.

Nordics

Nordkalk's newly formed Nordics platform consists of limestone, carbonate and specialty products businesses in Finland and Sweden. The goal of the reorganisation was to capitalise on market opportunities and develop the Nordic business further. The main sites include limestone quarries and grinding operations in Pargas and Lappeenranta in Finland and on the island of Gotland in Sweden.

Platform Highlights

- Strong demand from construction industry, particularly for soil stabilisation, agriculture, and pulp & paper after the UPM strike ended in Q2.
- Maintained profitability in inflationary environment through dynamic pricing and active management of cost base, including changes to production schedule and work shifts to take advantage of cheaper electricity prices in evenings and weekends.
- Commenced Lappeenranta overburden removal project to expand the quarry and gain access to additional reserves.
- Ongoing R&D development, including circular wollastonite in Lappeenranta, quicklime free soil stabilisation and circular products for agriculture.
- Investments to enable increased sales to Cementa on Gotland in Sweden and secure Swedish cement supply.

Platform Metrics

Key operational metrics for the Nordics Platform during the year were as follows:

	2022	2021	Change
People	308	298	+3%
Reserves and Resources (tonnes)	779.5m	595.5m	+31%
Sites	16	15	+7%

Primary driver of the increases during the year for the Nordics Platform was the acquisition of La Belonga in Spain.

Anssi Koikkalainen

MD of Nordics

Anssi Koikkalainen has been working at Nordkalk for almost 20 years in several sales, purchasing and business development roles. In his current role as MD of Nordics, Anssi is responsible for Nordkalk's limestone, carbonate and specialty products businesses in the Nordic countries. Anssi's responsibility area includes various mining and production operations in the region; sales and marketing, business development and R&D. Anssi holds a master's degree in industrial engineering & management from LUT, Lappeenranta University of Technology in Lappeenranta, Finland.

Poland

Nordkalk's Poland platform consists of Nordkalk's limestone and carbonate operations in Poland and comprises quarries and grinding operations across four locations including Miedzianka, in the middle of Poland, which is Nordkalk's largest quarry. The Poland platform also includes relatively small operations in Turkey and prospective mineral permits in Ukraine.

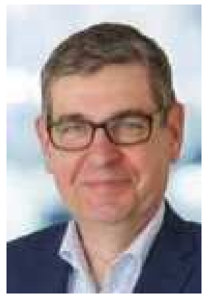
Platform Highlights

- Opening of the Ostrówka deposit adjacent to Miedzianka quarry, with the first fully permitted phase covering 8.5 million tonne of limestone, with the aggregate potential estimated at 34 million tonnes.
- Strong sales in construction, chemical and energy segments.
- Successful pricing strategy to mitigate higher energy and other input costs.
- First solar panel installations in Miedzianka and Wolica.

Platform Metrics

Key operational metrics for the Poland Platform during the year were as follows:

	2022	2021	Change
People	254	253	-
Reserves and Resources (tonnes)	314.8m	318.2m	-1%
Sites	5	5	-



Piotr Maciak

MD of Poland

Piotr Maciak has been working for Nordkalk since 2009 in sales and business managerial positions. Before joining Nordkalk, he held several commercial managerial positions, mainly in industrial companies in Poland. In his current position, Piotr has full responsibility for Nordkalk's business operations in Poland. He holds a master's degree in Power Engineering from Warsaw Technological University in Warsaw, Poland.

Baltics

Nordkalk's Baltics platform consists of the newly established Baltic Aggregates business and is focused on developing Nordkalk's limestone and dolomite operations in the Baltic countries, including exports from Finland. Nordkalk has three active quarrying sites in Estonia and a grinding plant next to the Rakke lime kiln.

Platform Highlights

- Baltic Aggregates established to manage aggregates sales from Pargas, Finland into the growing Baltic market.
- Preparation for major construction projects such as Rail Baltic.
- Identification of synergies in shipping between limestone and aggregates in the Baltic market.

Platform Metrics

Key operational metrics for the Baltics Platform during the year were as follows:

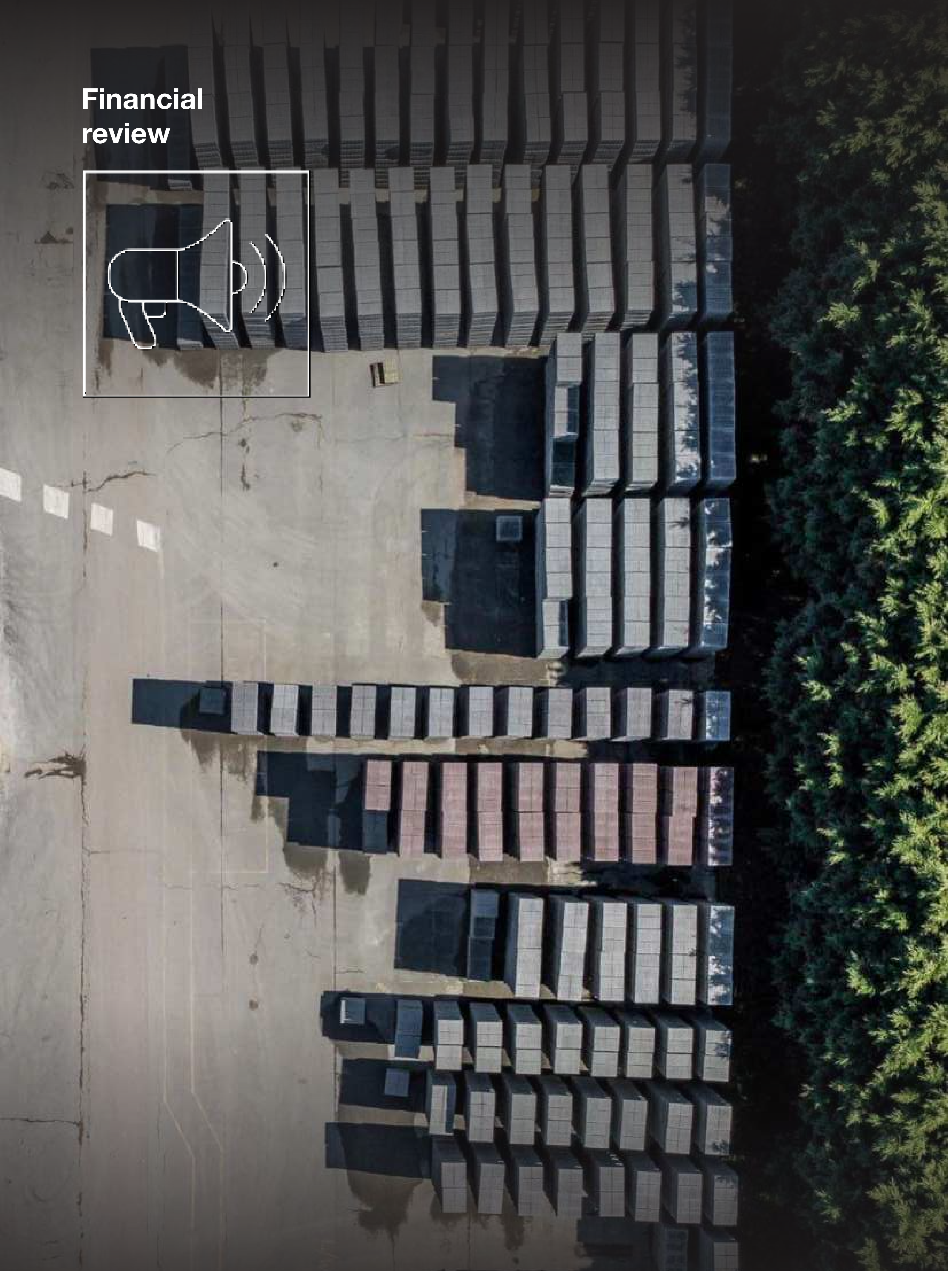
	2022	2021	Change
People	62	64	-3%
Reserves and Resources (tonnes)	47.7m	48.4m	-2%
Sites	3	4	-25%

During the year the sales office in Russia was closed, leading to a slight reduction in the number of sites and people.

Gediminas Skvernys

MD of Baltics

Gediminas Skvernys started as MD of Nordkalk's Baltics platform and Baltic Aggregates in 2022. Prior to joining Nordkalk, he worked as CEO of Dolomitas, a company specialising in dolomite construction aggregates in Lithuania and granite importation from Scandinavia. Gediminas holds a business & commercial master's degree from Kaunas University of Technology in Kaunas, Lithuania.



Macro conditions in the market

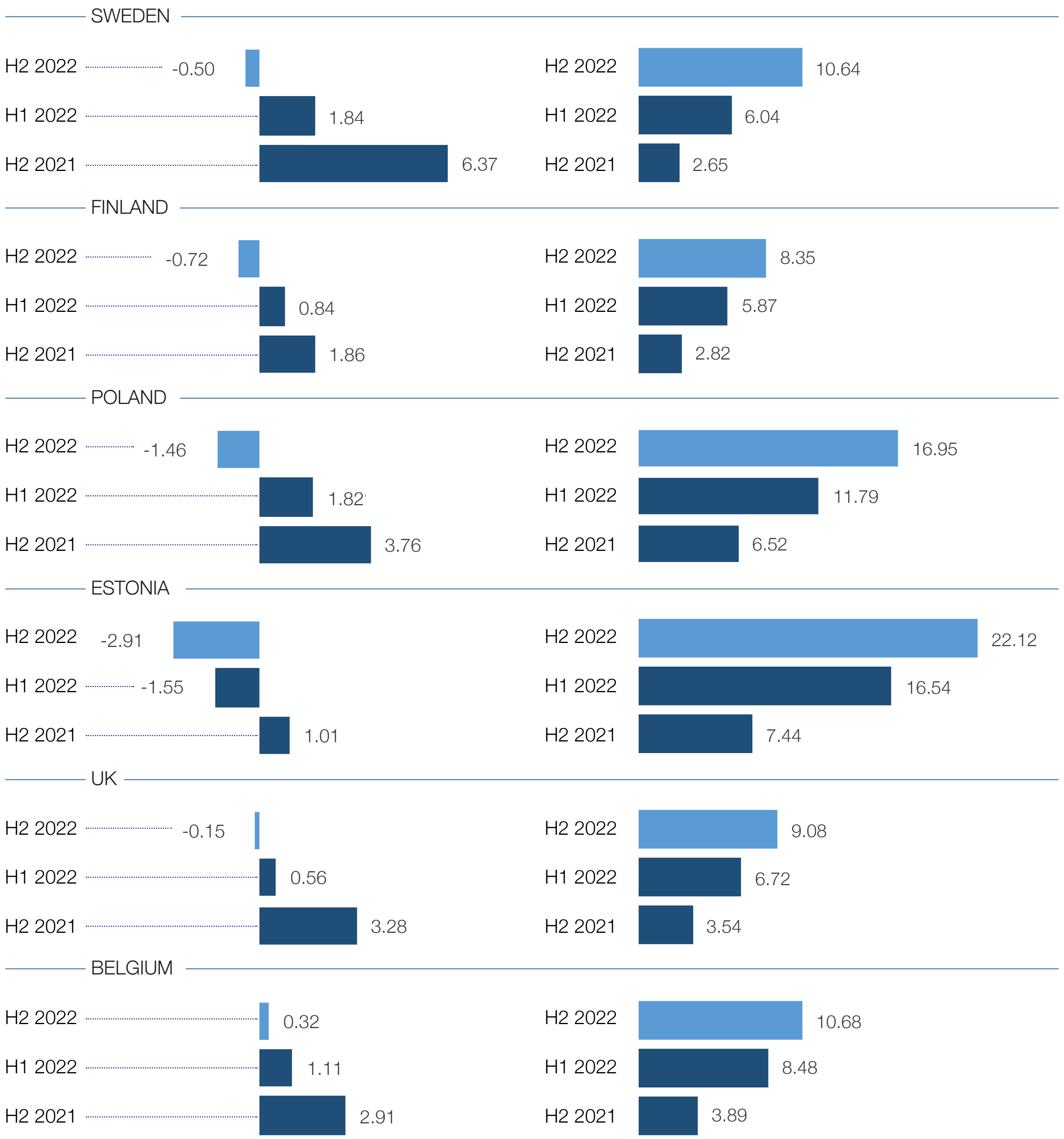
Over the next two pages, we give you a perspective on some of the macro conditions in the jurisdiction the Group operates in. The last half of 2021 has generated unprecendented moves in all key statistics; moves are increases that have worsened since. While energy prices have eased in the first half of 2023, the Group remains extremely focused on managing these cost increases through contractual mechanism, hedging strategies and dynamic pricing.

GDP GROWTH

GDP growth rate per semester per country (%)

CPI INFLATION

CPI inflation rate per semester per country (%)

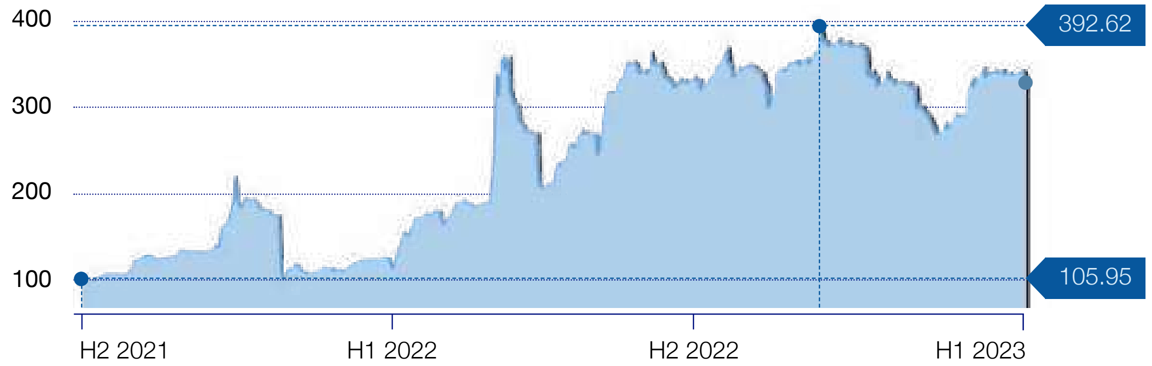


Source: Trading Economics

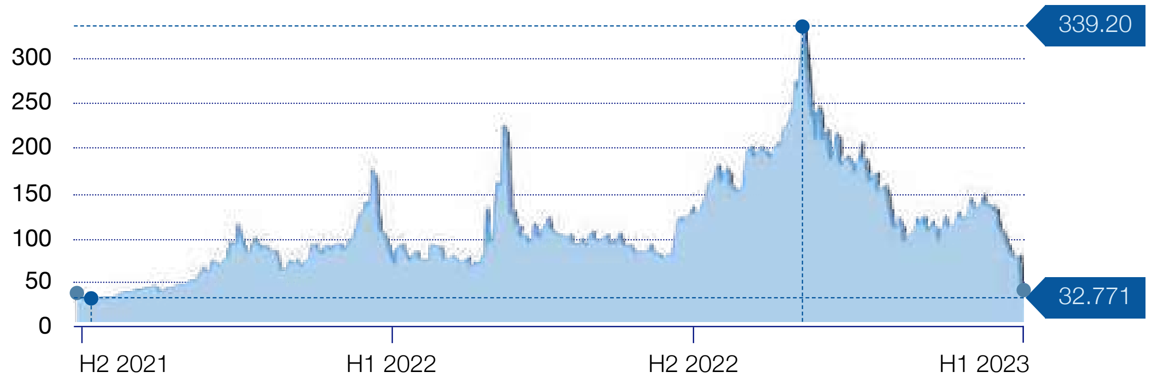
Source: Global Rates

Macro conditions in the market

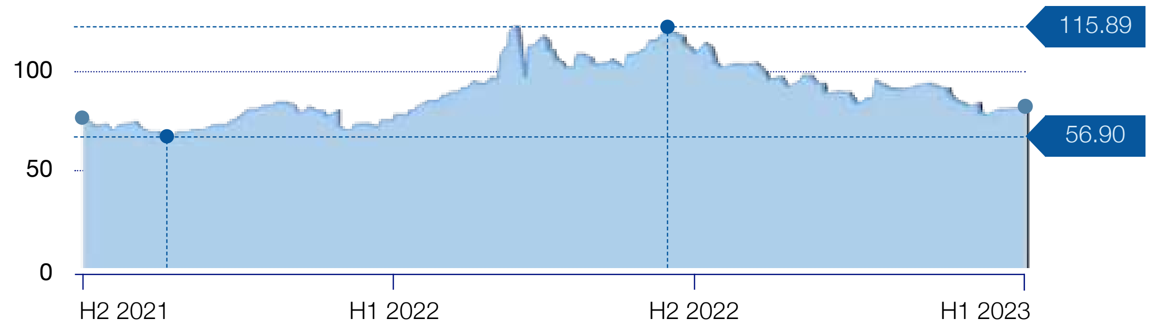
COAL
(EUR/T)



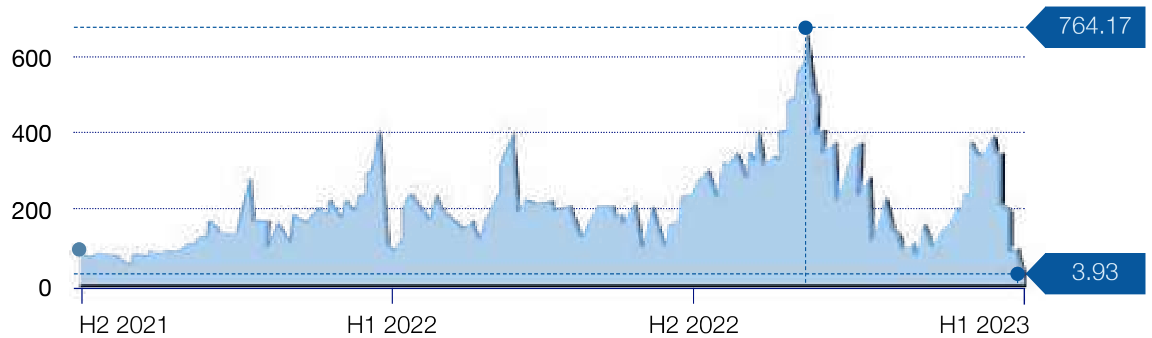
NATURAL GAS
EU Dutch TTF
(EUR/MWh)



BRENT CRUDE OIL
(EUR/barrel)

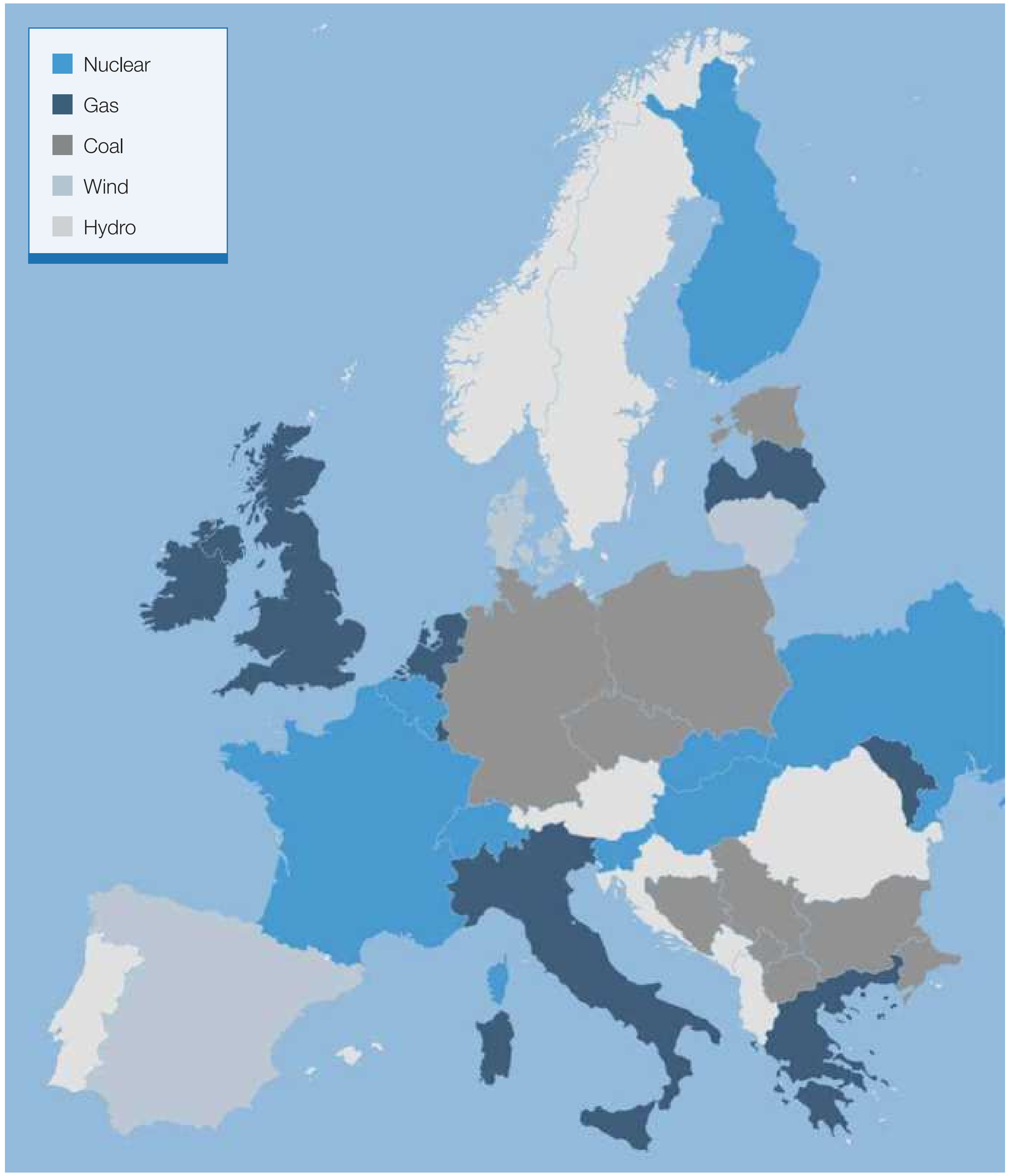


ELECTRICITY
(APX, euros per megawatt hour)



Sources: Market Insider, Trading Economics, Financial Times

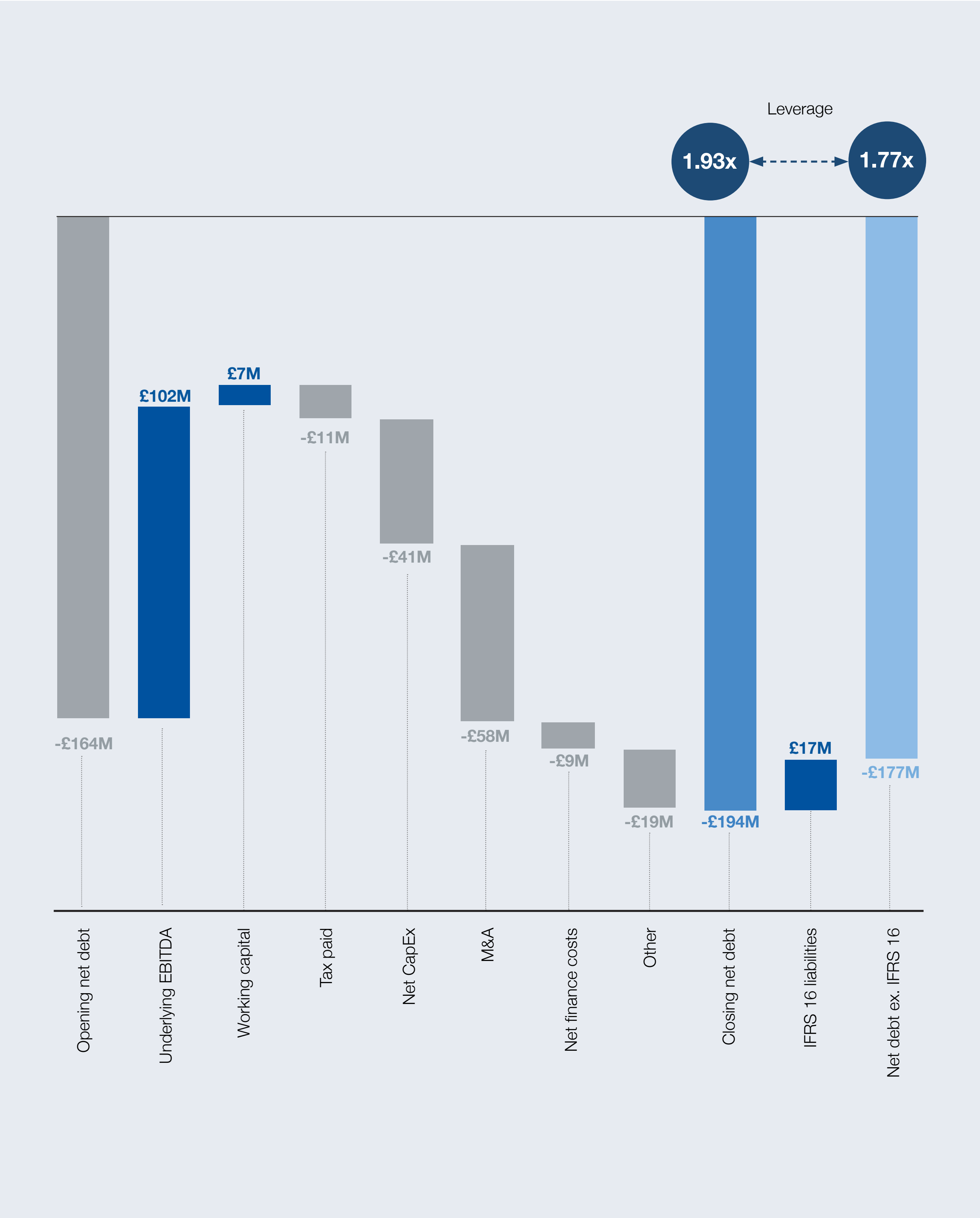
BIGGEST SOURCES OF ELECTRICITY BY COUNTRY



EU ELECTRICITY GENERATION BY SOURCE

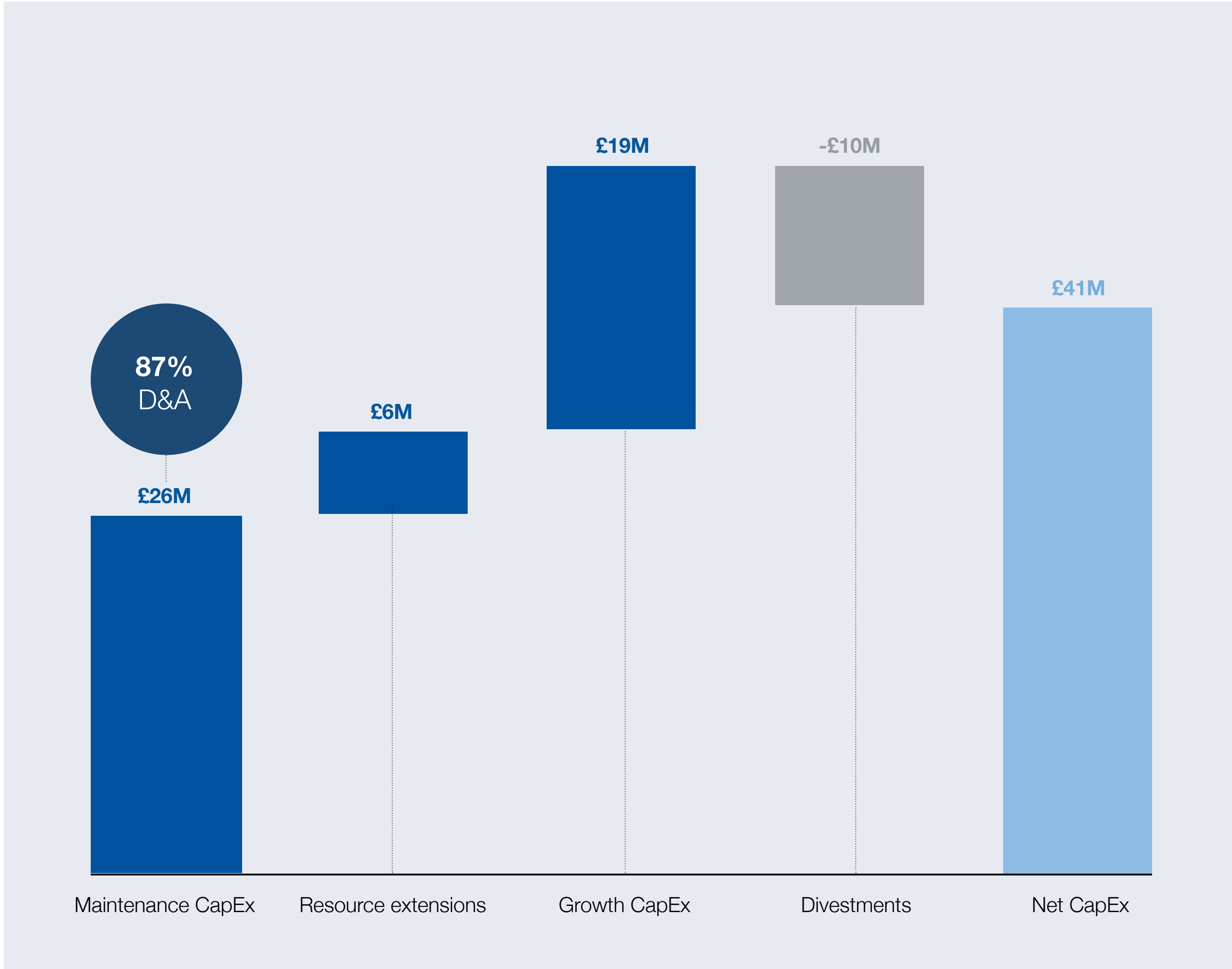
Nuclear	Gas	Coal	Hydro	Wind	
25%	20%	14%	13%	13%	Other

FY22 net debt

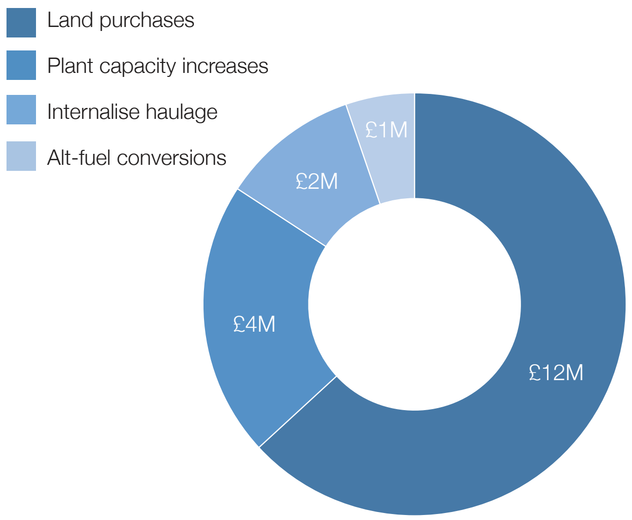


Strong cash generation supporting 3 strategic acquisitions while maintaining leverage <2x.

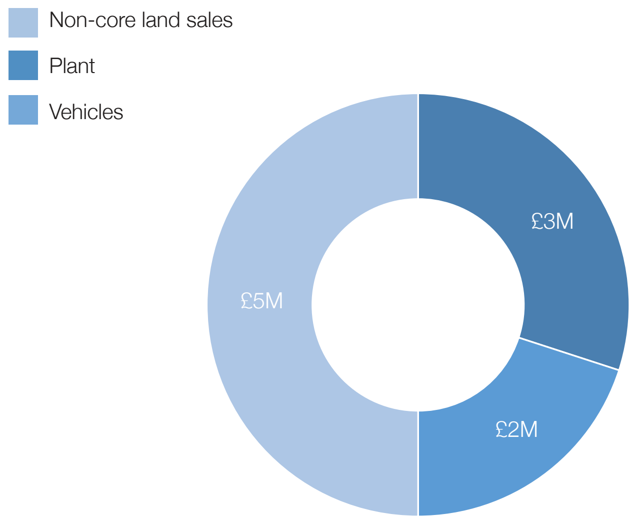
CapEx in 2022



GROWTH CAPEX



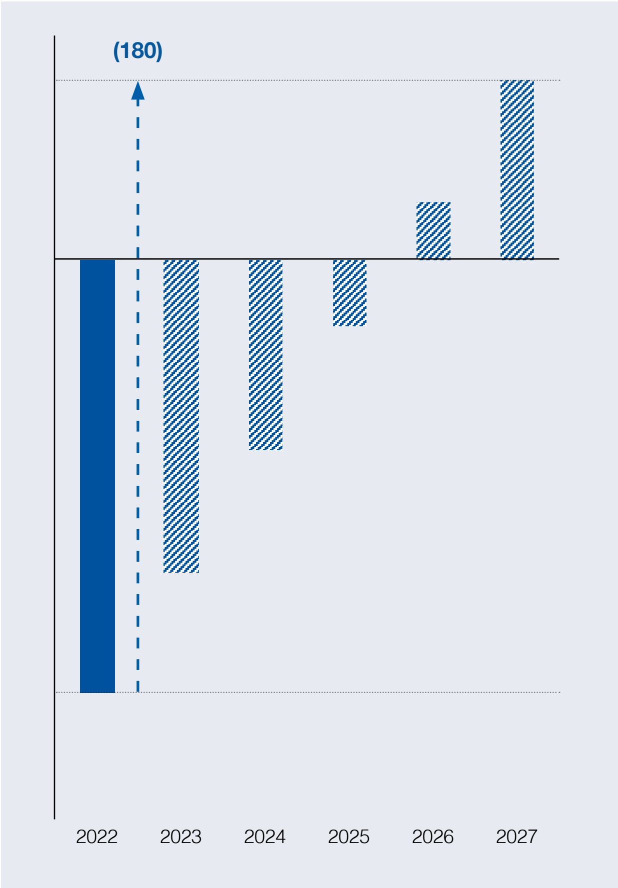
DIVESTMENTS



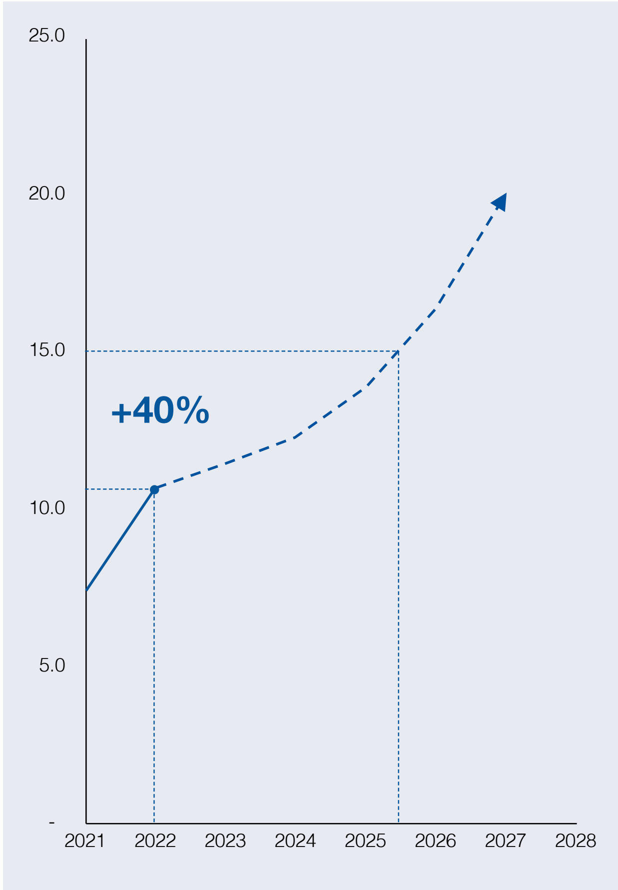
Significant reinvestment to secure future earnings and grow the Group

Focus on value creation with path to 15% ROIC

ILLUSTRATIVE NET DEBT EVOLUTION ABSENT RE-INVESTMENT



ILLUSTRATIVE ROIC



NET MARGIN	CASH CONVERSION RATIO	FREE CASH FLOW
21.8%	**87%**	**£54.3M**

Returns well on track with 3-5 year targets.

Key measures and statistics

FINANCIALS

YoY REVENUE GROWTH
(million GBP)

2022	£538 m	+98%
2021	£272 m	+119%
2020	£124 m	+77%
2019	£70 m	+71%
2018	£41 m	

YoY EBITDA GROWTH
(million GBP)

2022	£102 m	+106%
2021	£49 m	+104%
2020	£24 m	+64%
2019	£15 m	+48%
2018	£10 m	

YoY UNDERLYING NET MARGIN[1]
(%)

2022	22%	+7%
2021	20%	+6%
2020	19%	-7%
2019	21%	-13%
2018	24%	

YoY UNDERLYING EPS
(pence)

2022	8.0 p	+49%
2021	5.4 p	+19%
2020	4.5 p	+7%
2019	4.2 p	+10%
2018	3.8 p	

YoY LEVERAGE RATIO[2]
(ratio)

2022	1.77	+3%
2021	1.70	+11%
2020	1.69	-18%
2019	2.07	+27%
2018	1.63	

[1] EBITDA margin adjusted for impact of inflationary cost pass-throughs
[2] Excludes IFRS16 related lease adjustments

STRATEGIC
GOVERNANCE
FINANCIAL
ADDITIONAL INFORMATION

Key measures and statistics

VOLUMES

YoY AGGREGATES
(thousand tonnes)

2022	14,908	+137%
2021	6,350	+158%
2020	3,111	+120%
2019	1,783	+102%
2018	239	

YoY CONCRETE AND CONCRETE PRODUCTS
(cubic metres)

2022	640,100	+1%
2021	630,700	+49%
2020	422,084	+21%
2019	349,921	+34%
2018	260,525	

YoY ASPHALT AND ASPHALT LAID
(tonnes)

2022	247,100	-4%
2021	256,800	+12%
2020	229,396	-2%
2019	234,107	+313%
2018	56,700	

YoY DIMENSION STONE
(tonnes)

2022	99630	+6%
2021	94232	+13%
2020	83279	+8486%
2019	970	+547%
2018	150	

YoY QUICKLIME
(tonnes)

2022	721,800	+162%
2021	274,984	
2020		
2019		
2018		

YoY HIGH-GRADE LIMESTONE
(million tonnes)

2022	2.491m	+190%
2021	0.859m	
2020		
2019		
2018		

ASSETS

YoY RESERVES AND RESOURCES
(million tonnes)

2022	1,599.6 m	+20%
2021	1,335.1 m	+263%
2020	374.5 m	-1%
2019	378.5 m	+2781%
2018	13.3 m	

YoY TOTAL ASSETS
(million GBP)

2022	906 m	+18%
2021	769 m	+199%
2020	257 m	+24%
2019	208 m	+147%
2018	84 m	

YoY TANGIBLE ASSETS
(million GBP)

2022	749 m	+67%
2021	450 m	+117%
2020	207 m	+69%
2019	122 m	+88%
2018	65 m	

YoY NUMBER OF SITES

2022	84	+11%
2021	76	+145%
2020	31	+3%
2019	30	+200%
2018	10	

YoY PEOPLE

2022	2,009	+8%
2021	1,865	+98%
2020	942	+31%
2019	717	+180%
2018	256	

Chief Financial Officer's report

Chief Financial Officer's report

Garth Palmer

CHIEF FINANCIAL OFFICER

I am pleased to report another strong year financially for the Group, where we exceeded expectations despite considerable challenges in the operational and market backdrop. We were able to more than offset these headwinds through a combination of volume outperformance in the less impacted parts of the Group, dynamic pricing, effective hedging, and numerous operational improvement programmes and cost saving initiatives.

For the year ending 31 December 2022, the Group generated revenue of £538.0 million (2021: £272.0 million) and Underlying EBITDA of £101.7 million (2021: £49.3 million). Underlying profit before taxation for the Group was £62.7 million (2021: £26.8 million).

The statutory loss for the Company for the year ended 31 December 2022 before taxation amounts to £24.4 million (2021: loss £26.3 million), which includes £10.2 million of non-underlying expenses primarily pertaining to non-cash share option expense, amortisation of finance costs, and M&A related cash fees.

The Board monitors the activities and performance of the Group on a regular basis and uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2022.

	2022 £'000	2021 £'000
Cash and cash equivalents	68,623	69,916
Revenue	537,993	271,986
Underlying EBITDA	101,723	49,262
Capital expenditure	51,008	22,555

Cash generated from operations was £87.7 million (2021: £29.5 million) with a net decrease in cash of £4 million (2021 net increase of £42.9 million) after spending £43.3 million on acquisitions net of cash acquired and £40.8 million in net capital expenditure.

Revenue and Underlying EBITDA exceeded expectations and management forecasts.

Capital expenditure relates to purchases of land & minerals, new plant & machinery, and improvements to existing infrastructure across the Group.

Chief Financial Officer's report

PPA

BDO UK LLP undertook the PPA exercise required under IFRS 3 to allocate a fair value to the acquired assets of B-Mix and Nordkalk.

The PPA process resulted in a reduction of goodwill recorded on the Statement of Financial Position of the Group for Nordkalk from £268.8 million to £35 million. The reduction was to transfer the value of goodwill to tangible assets for plant and equipment, land and buildings, land and mineral reserves, intangible assets and deferred tax assets.

Non-underlying items

The Company's loss after taxation for 2022 amounts to £24.4 million, of which £10.2 million relates to non-underlying items, while the Group's non-underlying items totalled £20.0 million for the year, of which £13.1 million, representing over 65%, are non-cash and non-tax deductible. These items relate to nine categories:

1. £6.7 million amortisation of acquired assets and adjustments to acquired assets, which has increased by £5.0 million resulting from the Nordkalk PPA adjustment.
2. £4.7 million in share-based payments relating to grants of options, including £0.5 million pertaining to option revaluations resulting from changes to exercise dates.
3. £3.5 million in exclusivity, introducer, advisor, consulting, legal fees, accounting fees, insurance and other direct costs relating to acquisitions. During the year the Group acquired Johnston, RightCast, La Belonga and entered into the ArcelorMittal joint venture. The Group also undertook extensive due diligence on over 20 other potential transactions, some of which were completed, and others which are expected to complete, post year-end.
4. £1.8 million legal and restructuring expenses relating to the reorganisation and integration of recently acquired subsidiaries, including costs associated with discontinuing sites and operations, transitional salary costs, redundancies, severance and recruitment fees, and costs associated with financial reporting and system migrations.
5. £1.1 million on amortisation of finance costs arising from the syndicated 5-year debt facilities established in July 2021.
6. £0.9 million in stamp duty and other taxes, primarily relating to taxes paid in relation to the acquisition of 11 hectares of land in Belgium.
7. £0.5 million on expenses relating to innovation and sustainable practices, including continued development of Greenbloc, alternative carbon-free cement solutions, Aqualung carbon capture technology and utilisation of alternative fuels.
8. £0.4 million on unwinding of discounts on deferred consideration payments for Harries.
9. £0.4 million in other exceptional costs which primarily relate to non-cash balance sheet adjustments.

Interest and tax

Net finance costs in the year totalled £10.4 million (2021: £7.0 million) including associated interest on bank finance facilities, as well as interest on finance leases (including IFRS 16 adjustments) and hire purchase agreements.

A tax charge of £9.1 million (2021: £4.7 million) was recognised in the year, resulting in a tax charge on profitability generated from mineral extraction in the Channel Islands and profits generated through the Group's UK, Belgium and Nordic based operations.

Earnings per share

Basic EPS for the year was 4.89 pence (2021: loss of 1.89 pence) and Underlying basic EPS (adjusted for the non-underlying items mentioned above) for the year totalled 8.03 pence (2021: 5.37 pence).

Statement of financial position

Net assets at 31 December 2022 were £469.9 million (2021: £411.2 million). Net assets are underpinned by mineral resources, land and buildings and plant and machinery assets of the Group.

Cash flow

Cash generated by operations was £87.7 million (2021: £29.5 million). The Group spent £43.3 million on acquisitions net of cash acquired, £51.0 million on capital projects, raised £9.2 million through the disposal of surplus land holdings, and drew net borrowings of £5.8 million. The net result was a cash outflow for the year of £4 million.

Net debt

Net debt at 31 December 2022 was £193.8 million (2021: £164.0 million), and was refinanced on 15 July 2021.

Bank facilities

In July 2021 the Company entered a new Syndicated Senior Credit Facility of up to £405 million (the 'Debt Facilities') led by Santander UK and including several major UK and European banks. The Debt Facilities, which comprises a £205 million committed term facility, £100 million revolving credit facility and a further £100 million accordion option, provides the Group with further capacity and flexibility to support its ongoing buy-and-build strategy, as well as reducing like-for-like borrowing costs.

The Group's Debt Facilities have a maturity date of 15 July 2026 and are subject to a variable interest rate based on SONIA/EURIBOR plus a margin depending on Underlying EBITDA. As at 31 December 2022, total undrawn facilities available to the Group via the new Debt Facilities amounted to approximately £173 million.

The Group's Debt Facilities are subject to covenants which are tested monthly and certified quarterly. These covenants are:

- Group interest cover ratio set at a minimum of 4 times EBITDA; and
- A maximum adjusted leverage ratio, which is the ratio of total net debt, including further borrowings such as deferred consideration, to adjusted EBITDA, of 3.25x in 2022. As at 31 December 2022, the Group comfortably complied with its bank facility covenants.

Capital Allocations

We prioritise the maintenance of a strong balance sheet and deploy our capital responsibly, allowing us to commit significant organic investment to our business whilst continuing to pursue acquisitions to accelerate our strategic development. This conservative approach to financial management will enable us to continue pursuing capital growth for our shareholders.

Dividends

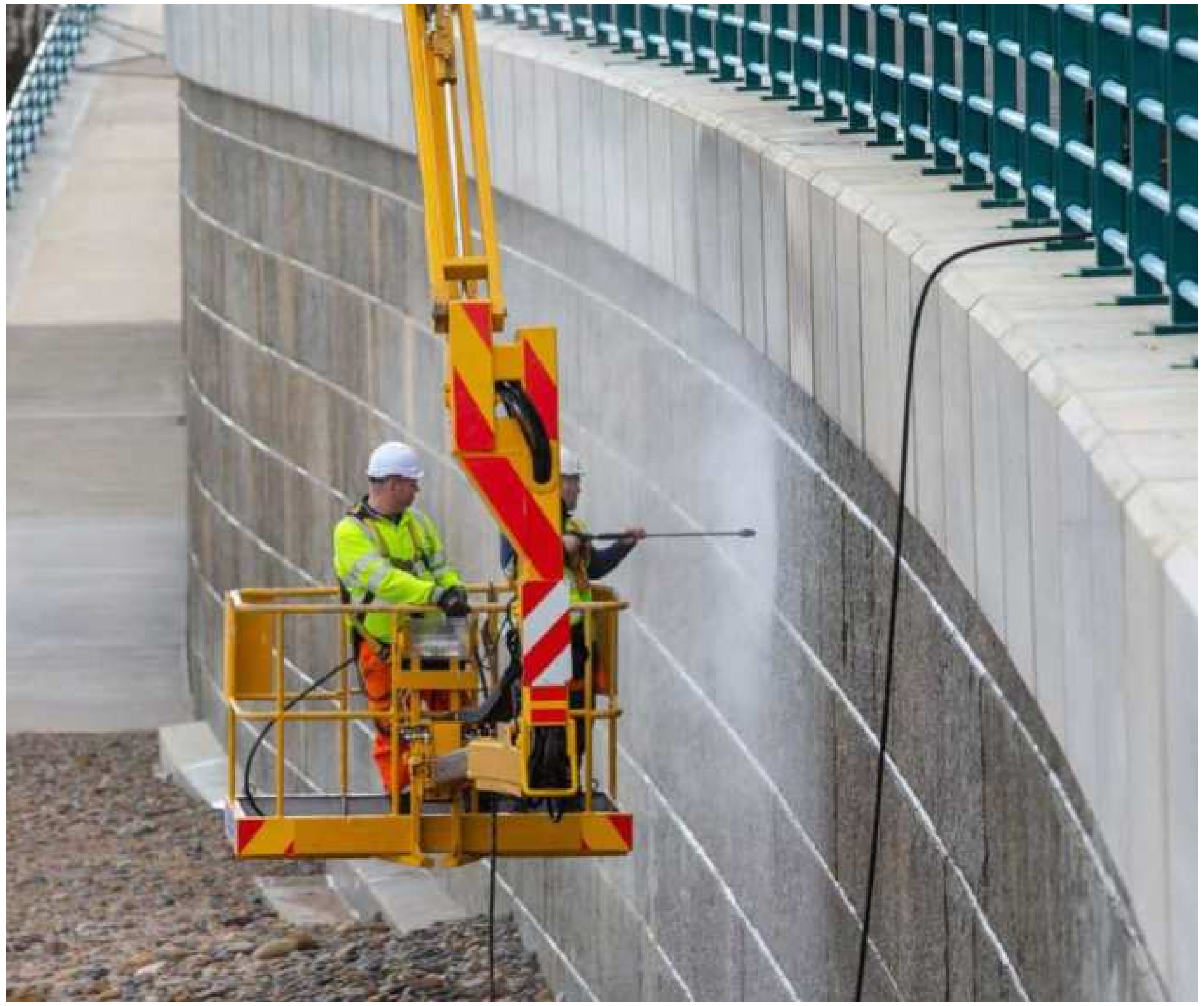
Subject to availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. The focus of the Group at this stage of its development will be on delivering capital growth for shareholders. The Directors therefore do not recommend the payment of a dividend for the year (31 December 2021: nil).

Post Balance Sheet event

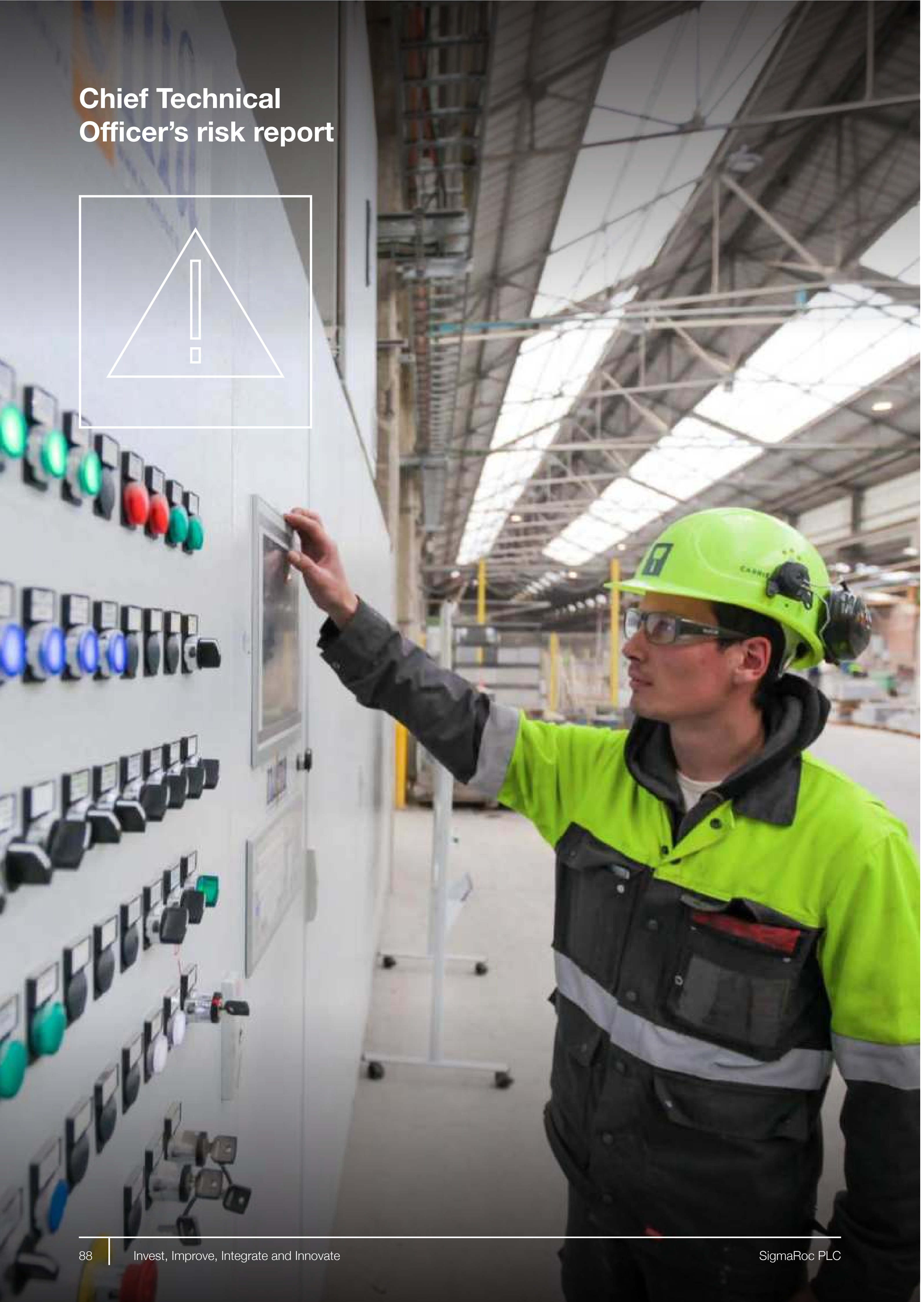
Post 2022 close we have conducted a series of activities worthy of mention in this Annual Report. Further information is set out in Note 38.

This report was approved by the Board on 25 March 2023 and signed on its behalf.

Garth Palmer
Chief Financial Officer
25 March 2023



Chief Technical Officer's risk report



Chief Technical Officer's risk report

At a high level the Group's risk appetite is reviewed annually by the Board which defines and approves the level of risk the Group is willing to accept in pursuit of its strategy, thereby guiding management.

Our on-going identification and assessment of risks including ESG and climate-related risks allows both the Board and management to consult and adapt to ensure efficient and effective mitigation.

The risk management process has been proven to work effectively with COVID as well as with the Russian invasion and associated energy crisis whereby the level of risk is identified and assessed both at a platform level and at a Group level.

Directors and Senior Management teams continually identify and assess risks and opportunities for each of their respective businesses and areas. This ensures each platform can focus on what is important to their jurisdictions, thereby capturing nuances so they are not lost in a global overview, such as variances in reliance on Russian gas by country.

Risks are then reported and discussed with the CTO, and subsequently assimilated and reviewed at monthly Group management meetings, or even weekly risk meetings where appropriate, where local risks and overarching Group risks can continue to be identified and assessed. The CTO also coordinates with key subject matter experts on Investor Relations, Legal, Safety, Carbon & Energy, Environment, and Systems.

For example, an energy and power risk meeting was held weekly that supported our businesses to implement fast energy improvement programs thereby minimising the impact of the recent energy situation. This included changing production to low tariff hours including running plants solely at night by transferring day shifts to night shifts through coordination with unions essentially overnight.

Risks identified are assessed based on aspects such as consequence, impact, likelihood, inter dependencies, and associated timeframes (short-, medium-, and long-term time horizons) as well as their drivers such as Political, Operational, Economic, and Technical.

When assessing the potential size and scope of risks and opportunities input from industry governing bodies (who are in regular contact with government and associated agencies) as well inputs from our large shareholders and other stakeholders are used in addition to our usual assessment and prioritisation techniques. These include analysis of probability and impact, risk frequency, and risk urgency. Where necessary these are then modelled with scenario and sensitivity parameters to help assess both size and scope.

Board

The Board is responsible for the risk management and internal control and for reviewing effectiveness, with specific oversight of Code of Conduct, ESG risks and climate-related matters. These have a dedicated agenda item at Board meetings with the Board meeting at least four times per year. The Executive Board members also ensure these topics have a dedicated agenda item at the monthly management meetings. The Executive members are charged with overall delivery whilst the Non-Executives challenge and give oversight and governance.

Audit Committee

The Audit Committee ensures independent oversight of the Board which considers risks and opportunities when setting and reviewing strategy, major plans of action, policies, annual budgets, and business plans. It further considers matters when setting performance objectives, monitoring Group performance, and reviewing and approving major projects, capital expenditures and acquisitions.

Risk Representative

To ensure the Board can monitor and oversee progress against goals and targets, Charles Trigg (CTO) continues to lead risk at a Group level. He works with each platform with regards to ongoing identification of risks, opportunities and potential impacts on the business as well as reviewing performance metrics and targets and ensuring overall continual improvement. Charles then liaises with the Board and any relevant committees so that the Board is continually updated with regards to climate-related risks and opportunities as well as overall ESG matters.

Senior Management Team

The Group is set up as discrete operational platforms with each platform having its own management team. As such each platform Director is responsible for assessing and managing risks and opportunities for their respective platform. Managing Directors and the Company's executive management team meet monthly to ensure that Group objectives are met as well as ensuring local risks and opportunities are recognised and managed.

Charles Trigg, Chief Technical Officer

Chief Technical Officer's risk report

Risk	Description	Mitigation
Competition and Margins	Increase in costs or prices; reliance on key suppliers and key customers, including national merchants, could impact supply and profitability. A number of existing competitors compete on range, price, quality and service. Potential new low-cost competitors may be attracted into the market through increased demand.	Operate a strategic purchasing plan to minimise key supplier risks, notably in cement and bitumen. Seek to offset rising commodity prices through our product pricing strategy and hedging programmes. Maintain a diverse customer and project base which focuses on quality, service, reliability and continuing focus on new product development. Operate a decentralised model matching focus of independents and new entrants.
Economic and political	The Group is dependent on the level of activity in its end markets. Accordingly, it is susceptible to economic downturn, the impact of Government policy, interest rates and any political and economic uncertainty, such as COVID-19. Difficult economic conditions could also increase our exposure to credit risk from our customers.	The Group has a strong focus on operational gearing, allowing it to be flexible during economically disruptive events. The Group has a diverse product portfolio across multiple end markets and jurisdictions. The Group's relationship with suppliers and customers allows for management of risk including credit risk and where necessary credit risk insurance is sourced.
Energy and Power	Though captured under Raw Materials sourcing and internal resources, given the current climate, this has been separated out. The Group is susceptible to significant increases in the price of energy and power, utilities, fuel oil, associated haulage costs and decreases in availability. Risks exist around our ability to pass on increased costs through price increases to our customers.	Energy and Power plans developed at all sites to ensure optimal energy and power use. The Group focuses on its multiple supplier and customer relationships, contracts and the use of hedging instruments. Ensure businesses have ability to manage stock and inventory to minimise disruption from energy and power.
Environment and Climate Change	Operational impact on the environment or the effects of climate change could expose the Group to regulatory breaches, significant disruption, reputational risk or a reduction in demand for our products.	Committed to reducing level of carbon emissions, reuse and recycling schemes and implementation of sustainability initiatives. Under SECR the Group has committed to monitoring all its operations, not just the UK, through an independent external organisation. Management, training, and control systems are in place to prevent environmental incidents. Promotion of EMS and ISO14001 accreditation and approximately 75% of our businesses are accredited[1].

[1] Based on Group Revenue, not number of businesses

Risk	Description	Mitigation
Finance, Liquidity and Currency	**Foreign exchange risk:** As the Group transacts in currencies other than Sterling, exchange rate fluctuations may adversely impact the Group's results. **Credit risk:** Through its customers, the Group is exposed to a counterparty risk that accounts receivable will not be settled leading to a financial loss to the Group. **Liquidity risk:** Insufficient funds could result in the Group being unable to fund its operations or to continue to invest organically or to undertake acquisitions. **Interest rate risk:** Movements in interest rates could adversely impact the Group and result in higher financing payments to service debt.	**Foreign exchange risk**: The Group undertakes limited foreign exchange transactions as it sells domestically or in domestic currency with largely local input costs. Some M&A, OpEx and CapEx requires foreign exchange purchases and management considers foreign exchange hedging strategies where significant exposures may arise. **Credit risk:** Customer credit risk is managed by each subsidiary. The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter. **Liquidity risk:** Ensure sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements and liabilities by maintaining strong relationships with our banks and shareholders. Internally, we continuously monitor forecasts and cash flows to ensure that we maintain significant headroom and have self-imposed 2 times leverage, which is only exceeded temporarily and worked down as quickly as possible. **Interest rate risk:** The Group finances its operations through a mixture of retained profits and bank borrowings, based on floating rates. Interest rate fixing has been reviewed but none have been entered into during the year or at the year end.
Health and Safety	Failure to manage health and safety risks could cause harm to our employees or those around us and expose the Group to significant potential disruption, regulatory breaches, liabilities and reputational damage.	We safeguard the health and safety of employees, contractors and others working on behalf of the Group, with experienced health and safety professionals who provide relevant training and help develop a strong culture alongside the management teams; all of which is overseen and audited by our Group HSEQ director and the support of consultants where necessary. We are constantly improving communication and reporting across the Group through simple and effective systems and processes such as our HS Engagement and Monitoring software, Visible Felt Leadership, HS Committees, back to work and pitstops.
IT and Cyber	Disruption to the IT environment could affect our operational performance and lead to reputational damage, regulatory penalties or significant financial loss. Failure to keep up to date with advances in technology could impact demand and our ability to access the market.	IT support teams and service providers continue to monitor and respond to new and expanding cyber risks by implementing best practice in IT security management, back-up systems and risk management software courtesy of our cyber insurance providers. Outdated software and hardware are updated and cloud solutions embraced to minimise negative impacts and allow continual operations.
Legal and Regulatory	Exposure to developments that lead to political, legal and regulatory changes requiring significant changes to Group operations which could impact the Group's financial results, together with any associated negative reputational damage. Inadvertent failure to comply with elements of a significantly increased governance, legislative and regulatory business environment. A legal or regulatory breach could result in disruption to operations, financial consequence and reputational damage.	Group general counsel and engagement of external specialists to monitor legislative changes and conduct ongoing training. Hold appropriate business accreditations and insurances and ensure there are compliance procedures, policies, ISO standards and independent audit processes which seek to ensure that regulatory and compliance procedures are fully complied with.

Chief Technical Officer's risk report

Risk	Description	Mitigation
M&A	Overpay; fail to integrate; fail to deliver the expected returns from an acquisition. Failure to identify potential acquisitions to sustain our growth strategy or not be an acquirer of choice.	Strong acquisition track record supported by our specialist advisers and rigorous due diligence processes. All acquisitions are approved by the Board and all acquisitions are subject to detailed due diligence processes which are executed by project teams, with progress monitored by the Board. We have developed a management structure which facilitates our growth strategy and, where appropriate, we make arrangements to retain acquired senior management and minimise negative change upon acquiring businesses. The Board uses its networks and reputation to review wider acquisition opportunities and our businesses are all tasked with bringing forward potential acquisition targets for review at Group level.
Operational disruption and key equipment failure	A material disruption at one of the Group's operational sites or at one of the Group's suppliers' facilities, could prevent the Group from meeting customer demand.	The Group has the ability to transfer some of its production across its network of plants and is able to engage subcontractors to reduce the impact of certain production disruptions. In relation to supplier disruption or failure, further third-party suppliers have been identified who can maintain service in the event of a disruption. The Group's wide geographical spread mitigates this risk to some extent and allows it to manage its production facilities to mitigate the impact of such disruption.
Quality	The nature of the Group's business may expose it to warranty claims and to claims for product liability, construction defects, project delay, property damage, personal injury and other damages. Any damage to the Group's brands, including through actual or alleged issues with its products, could harm our business, reputation and the Group's financial results.	The Group operates comprehensive quality control procedures across its sites with both internal and external audit reviews of product quality completed to ensure conformance with internationally recognised standards. All accredited staff undergo rigorous training programmes on quality and the technical teams carry out regular testing of all of our products to provide full technical data on our product range.
Raw Materials sourcing and internal resources	The Group is susceptible to significant increases in the price of raw materials, utilities, fuel oil and haulage costs and decreases in availability. Risks exist around our ability to pass on increased costs through price increases to our customers.	Resource expansion plans developed at all sites to ensure timely access to future materials. The Group focuses on its multiple supplier relationships, flexible contracts and the use of hedging instruments. Ensure businesses are self-sufficient with ability to increase resources through subcontractors during peak demands.
Recruitment and retention	Failure to recruit, develop and retain the right people. Failing to create a corporate culture that is based upon ethical values and behaviours.	The Board, Nomination Committee, and senior management teams conduct reviews and plan succession for key roles. The Board and the Remuneration Committee review all key aspects of remuneration to ensure appropriate packages are in place to assist in the attraction and retention of key employees. Each business has a grading and employee benefit structure with review of incentive plans underway to give help and support long term employee commitment. A focus on identifying internal talent and recruitment of upcoming talent is under review to ensure succession planning and maintain a dynamic talent pool which is supported with development plans.
Technology and New Business Models	Reduction in demand for traditional products. Risk of new competitors and new substitute products appearing. Failure to react to market developments, including digital and technological advances.	Digital and product development groups that work local and cross business reviewing both our industry and external offerings and opportunities.

STRATEGIC
GOVERNANCE
FINANCIAL
ADDITIONAL INFORMATION

CIO systems & digital innovation report

CIO systems & digital innovation report

Fons Vermorken

CHIEF INFORMATION OFFICER

I am pleased to report that the Group has closed a solid year without any significant IT incidents, while successfully implementing new ERP systems across the UK, commencing implementation of a new ERP system in the North East, and constantly looking to improve and innovate its operations wherever possible. Despite the challenging economic environment, we managed to work through a significant pipeline of projects, allowing the Group to stay at the forefront from a systems and digital perspective. The two main points of focus are innovating the Group and its internal processes as well as making sure cyber and risk management standards are at the highest level.

Cyber risk management

Cyber security and potential breaches of SigmaRoc IT systems can have a serious and disruptive impact on the Group. Failure to appropriately manage cyber risk could affect the financial performance of the Group, put employees at risk, result in disclosure of confidential information, damage our brands and reputation, and create legal exposure.

Impact on the Group

The prevalence of cyber threats facing businesses has markedly escalated in recent times, partially attributed to the emergence of novel digital tools such as ransomware, growing involvement of nation-states, heightened interconnectivity, and a substantial rise in the profitability of cyber offenses.

SigmaRoc's operational processes, encompassing industrial production, efficient operations, environmental management, health and safety, communications, transaction processing, and risk management, are reliant on digital capabilities. Additionally, the Group's extended supply chains are also vulnerable to cyber threats, albeit largely beyond our direct control.

The Group closely monitors the security of these complex and intertwined supply chains to mitigate potential adverse impacts. The growing prevalence of machine learning and artificial intelligence also intensifies the sophistication and frequency of fraudulent activities. The advent of 'Deepfake' technology, which uses machine learning to manipulate audio and visual content, exacerbates the risk of phishing or fraud attacks that could impersonate senior executives.

Despite significant investments in the continuous improvement of its systems, processes, and networks, SigmaRoc acknowledges that achieving complete security is unattainable. However, it continues to work hard with the help of high quality third-party IT providers to improve IT safety and inform staff of tactical innovations utilised in cybercrime.

Our current developments

Due to the COVID pandemic, remote working has expanded the potential attack surface area, consequently elevating the risk of cyber assaults for all businesses. Also, the use of phone and tablet like devices has increased significantly in recent years as being part of the digital transformation of the Group. SigmaRoc has observed an increase in both the frequency and sophistication of cyberattacks directed towards its businesses.

The Group's cybersecurity monitoring systems regularly identify endeavours to infiltrate the networks and systems. The increase was most noticeable post the announcement of the war in Ukraine. During 2022, there was an instance where one of our email servers experienced a substantial series of attacks, however, the protection systems in place were stringent enough for these attacks not to have resulted in any significant breach of our IT infrastructure or caused any notable business disruptions.

The outlook of the Group is that the frequency of cyberattacks, which entail the manipulation of legitimate third-party software to spread malware or gain unauthorized access to systems by impersonating senior management, will rise. Additionally, the Group predicts that ransomware will continue to pose a significant threat to firms in the industry that have become ever more informatised over recent years.

CIO systems & digital innovation report

How we mitigate risk

SigmaRoc disseminates IT security protocols and imparts education to the Group's personnel in order to bolster awareness of cyber threats. Monthly cyber security trainings are rolled out to inform staff of the most recent developments in cyber-attacks and ransomware practices. To mitigate cyber risks, SigmaRoc has organised the IT infrastructure in the Group in a manner similar to its decentralised platform structure. The Group employs a layered cybersecurity setup, proactive monitoring, independent penetration testing, off network data backups and data backup restoration tests to validate system security wherever possible.

To safeguard critical systems, the Group implements privileged access management protocols. SigmaRoc endeavours to keep its system software up to date and maintains regional platforms to enforce patch compliance. The Group employs multiple email security layers and segregated email servers on different locations running different domains. Also, the Group hardens its computers and servers to counter malware. The corporate applications and communications employ multiple layers of security, including two-factor authentication and virtual private network (VPN) technology for remote access where required or recommended.

SigmaRoc does not deploy a global approach to IT security, but applies the same standards for the different platforms to proactively monitor and manage cyber risks and segregate the different servers. Segregating servers prevents spill-over effects from an attack and mitigates the impact on the Group as a whole. SigmaRoc regularly engages third-party penetration testing to independently verify the security of our IT systems.

Digital transformation and innovation

SigmaRoc as a Group tries to be on the forefront of the digital transformation of the quarried material industry and lead the sector by adopting innovative solutions. Powerful hand held computer devices and the possibility to geolocate devices and equipment have allowed the Group to become increasingly more performant, cost efficient and environmentally friendly over of its existence. SigmaRoc is known for being the first mover and adopter of technologies that can change the industry and make significant steps towards the net zero world of the future.

Case Study: MachineMax

MachineMax is a technology we engaged with several years ago and to date is well established in the Group. SigmaRoc was one of the first adopters of the technology, helped improve the product and benefitted from the technological advances the implementation of such a product brings to the Group.

Heavy equipment is one of the most utilised assets in the Group and the performance of the Group's operations relies on it. MachineMax helped to optimise management of the heavy equipment, tracking key operational metrics and as a result increasing fleet productivity.

Adopting this universal telematics sensor has beneficially impacted machine utilisation, idling time, fuel consumption, emissions, location tracking and operating hours. This translated into improved top-line revenue and reduced operating costs, while simultaneously lowering emissions and the carbon footprint of the Group.

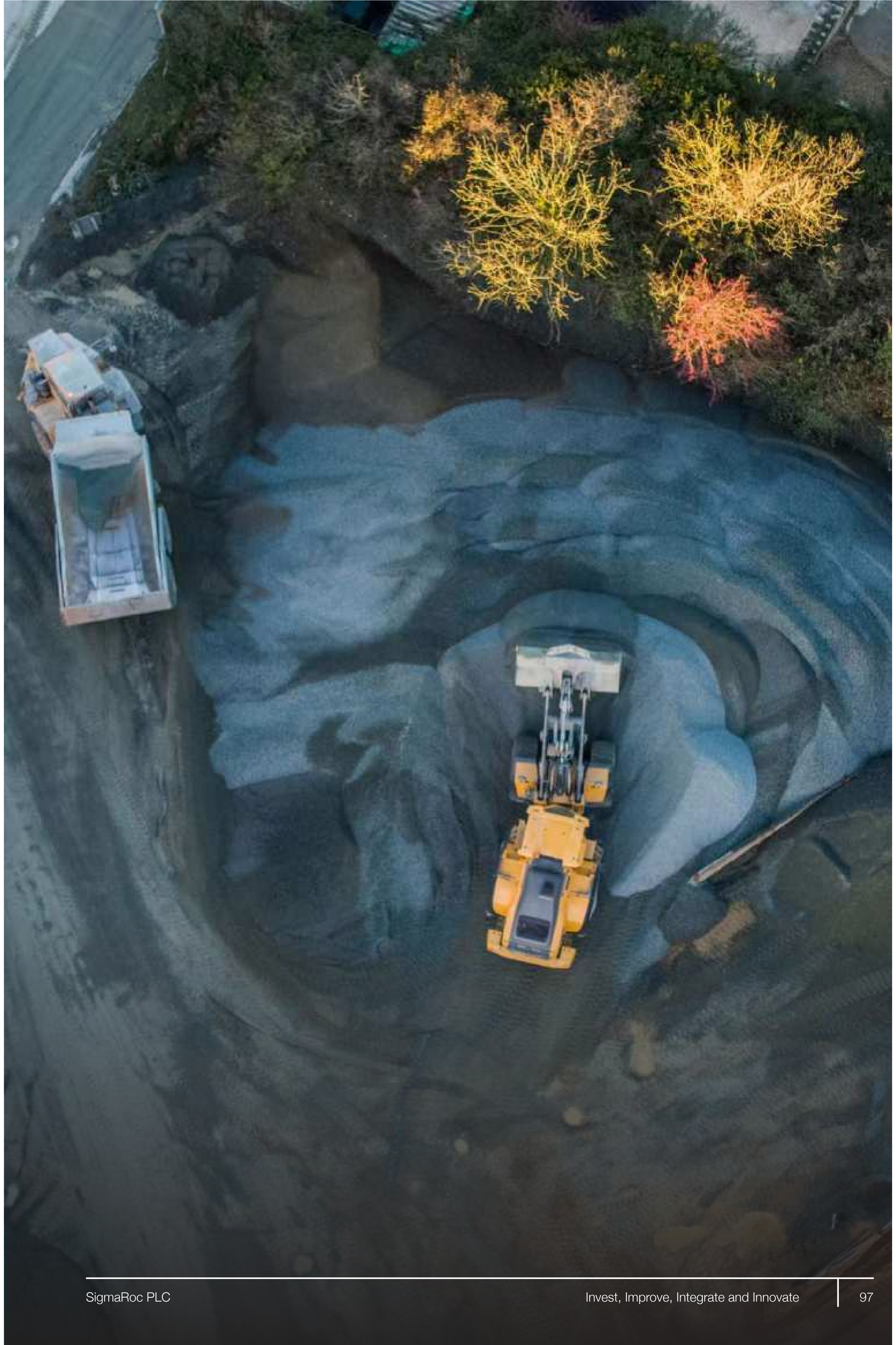
Case Study: HighVizZ

Keeping our colleagues safe and secure by operating in a safe work environment is the main priority of every site manager and the Group as a whole. In order to facilitate this, we developed our own tailored health & safety solution based on the input of our operation managers, who ultimately know what's best for their people.

HighVizZ is a real-time health & safety system. Rather than just being a reporting tool, it puts emphasis on incident prevention and implementing a stringent safety culture. HighVizZ being available on the phone of each employee allows instant reporting, and importantly promotes discussion around safety that comes from within the operation, rather than being imposed by senior management.

Changing the safety mindset of employees by empowering them to be responsible for their own, and their colleagues', safety is the most effective way of improving health & safety standards across the Group.

Fons Vermorken
Chief Information Officer
25 March 2023

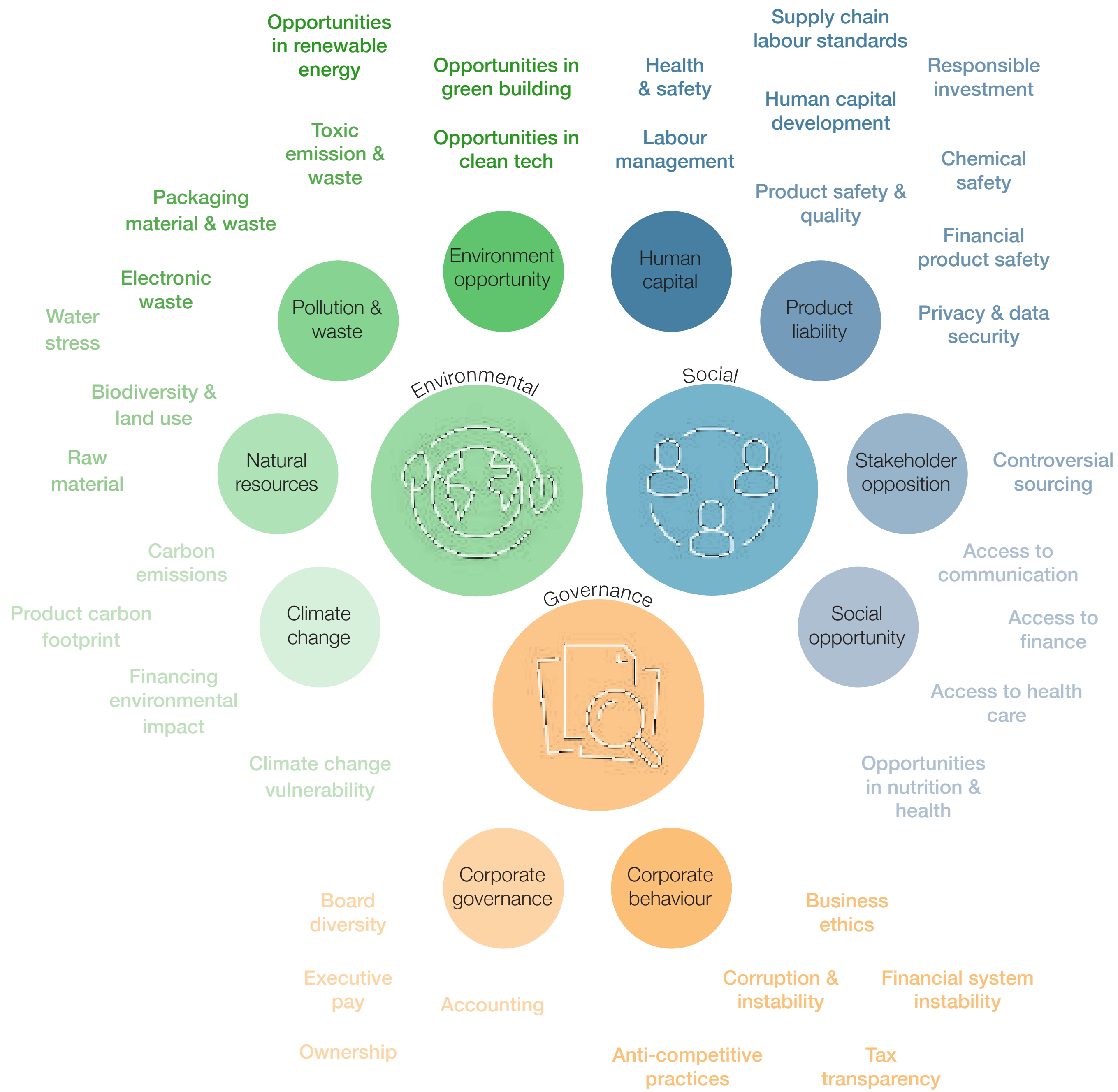


ESG report

STRATEGIC REPORT

ESG report

SigmaRoc has and will always be committed to the principles of ESG. ESG encompasses a company's Environmental, Social and Governance aspects, however there is no global definition with each company and sector potentially having different focus priorities.



Following on from our 2021 annual report and standalone annual 2021 ESG Report, we continue to commit to reporting and disclosure of ESG and sustainability matters through frameworks such as TCFD and SASB. During 2022, we have extended our pledge by committing to Science Base Target Initiatives (SBTi).

TCFD & SASB

The Group's ESG report has been guided using the principles of TCFD and SASB. Whilst TCFD recommendations serve as a global foundation for effective climate-related disclosures, in terms of disclosure, the Group has adopted, where possible, the SASB Construction Materials disclosure topics and accounting metrics.

SASB standards represent a clear solution to TCFD implementation having rigorously developed TCFD-aligned reporting tools to promote disclosures in a way that is both cost-effective and useful for all stakeholders.

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development and encourages preparers and investors to continue to provide full support for and to use the SASB Standards until IFRS Sustainability Disclosure Standards replace SASB Standards.

ISSB in 2022 published exposure drafts consolidating content from the TCFD, CDSB, SASB, Integrated Reporting, and WEF IBC's stakeholder capitalism metrics into a coherent whole with the intention to become the global standard-setter for sustainability disclosures for the financial markets.

The TCFD standards set out recommended disclosures structured under four core elements of how companies operate:

- Governance – The organisation's governance around climate-related risks and opportunities;
- Strategy – The actual and potential impacts of climate-related risks and opportunities for an organisation's businesses, strategy, and financial planning;
- Risk Management – The processes used by the organisation to identify, assess, and manage climate-related risks; and
- Metrics and Targets – The metrics and targets used to assess and manage relevant climate-related risks and opportunities

SBTi

Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. They show organisations how much and how quickly they need to reduce their greenhouse gas (GHG) emissions

Through the 2015 Paris Agreement, world governments committed to curbing global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. In 2018, the Intergovernmental Panel on Climate Change warned that global warming must not exceed 1.5°C to avoid the impacts of climate change. To achieve this, global GHG emissions must halve by 2030 – and drop to net-zero by 2050.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

As we continue our commitment to net zero, SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science.

There are 5 stages of SBTi:

1. **Commit** Register online and submit a letter to commit to setting a science-based target, or to have existing targets independently verified.
2. **Develop a target:** Develop target(s) in line with SBTi science-based criteria.
3. **Submit target for validation** Review of targets by SBTi team of technical experts to validate it against our science-based criteria
4. **Announce target and inform stakeholders** SBTi will publish targets on their Companies Taking Action Page.
5. **Disclose progress:** Disclose company's emission annually and monitor progress on reaching target.

ESG Road Map and Focus Areas

As a business our overall aim is to ensure sustainable returns to our shareholders. As a Group we are committed to ensuring this can be done in a manner where we minimise risks and seize opportunities so that our business continues to be strong in the years to come.

Our focus on returns to shareholders is through our 4i principles, all of which are underpinned by ESG.

Shareholder returns are an output of our inputs, which are our business model and ESG principles.

Road Map to Net Zero

ESG	Subject	Target	Date	Progress to date
Environment	Carbon	All concrete products available in low carbon and ultra-low carbon.	2025	50% of concrete products available in low carbon and ultra-low carbon.
		Carbon capture storage and utilisation trial plant operational.	2025	First module ordered and due for commissioning in April 2023.
		Alternative fuels used in mobile equipment.	2030	Trials with alternative fuels for fleet and electronic fleet and mobile equipment.
		Alternative fuels used in fixed equipment (e.g. lime and asphalt).	2032	Upgrade of fuel handling systems and burners underway in Nordkalk for the use of alternative fuels.
		All kilns are carbon neutral.	2038	Aqualung agreement signed that will look to have all kilns carbon neutral by 2030.
		Net-zero.	2040	

ESG	Subject	Target	Date	Progress to date
Environment	Energy intensity and efficiency	2.5% reduction in energy intensity.	2030	
		100% third party energy sourced from renewable means.	2030	Site and Virtual PPA under review across each business with some businesses already expanding their renewable energy sources.
	Resource utilisation and circular economy	100% of all manufactured products can utilise waste / recycled materials.[1]	2025	Products such as asphalt, concrete, and concrete products are already using, where specification allows, waste / recycled materials such as nappies, RAP, PFA, GGBS and recycled aggregates. The production of quicklime uses waste materials as fuel in the process of making quicklime.
		100% utilisation of all production materials.	2027	Set up of Baltic Aggregates enables the aggregates not suitable for industrial mineral application to be processed and supplied to construction markets.

Environment

Pillar	Key Focus Area	Targets	How Did we do	Focus for 2023
Environment	Sustainable use of reserves and resources Responsible use key resources including raw material, mineral and water; Optimise energy use and minimise impact of our operations on the environment; Contribute to sustainable construction and address environmental aspects either through product production or use.	Achieve Carbon net-zero road map targets. Reduction in energy intensity and increase in energy efficiency. Maximisation of resource utilisation and circular economy.	Published first ESG report which contains extensive detail on its Environmental, Social and Governance policies and initiatives, as well as a detailed roadmap to net-zero. Energy surveys commissioned across platforms that have found multiple opportunities and savings. Appointment of Kinect Energy to give dedicated focus on energy procurement and hedging. Increase green energy sourcing initiatives including new wind and solar installations and further increases of existing solar capacity on site at Soignies. Successful "nappy-enhanced" asphalt trial using asphalt that contained recycled nappies. Partnership with Aqualung, to construct Europe's first industrial scale carbon capture facility in Scandinavia. PPG platform acquired and developed additional UK sites to facilitate the development and manufacture of ultra-low carbon products. Our strategic collaboration with Marshalls focusing on pushing existing technologies while also developing new manufacturing techniques.	Continue to focus and accelerate where possible our net-zero road map targets. Commissioning of first carbon capture aqualung module. Continue energy and fuel optimisation to reduce the reliance on fossil fuels. Submission and validation of SBTi data.

[1] Where industry specifications allow for it

Road Map to Net Zero

As a business, our overall aim is to ensure sustainable returns to our shareholders. As a Group we are committed to ensuring this can be done in a manner where we minimise risks, seize opportunities and so that our business continues to be strong in the years to come.

Our focus on returns to shareholders is through our 4i principles, all of which are underpinned by ESG.

Shareholder returns are an output of our inputs, which are our business model and ESG principles.

2025

- All concrete products available in low carbon and ultra-low carbon
- Carbon Capture Storage and utilisation trial plant operational
- 100% of all manufactured products can utilise waste / recycled materials*

2027

- 100% utilisation of all production materials

2030

- Alternative fuels used in mobile equipment
- 2.5% reduction in energy intensity
- 100% third party energy sourced from renewable means

2032

- Alternative fuels used in fixed equipment (e.g lime and asphalt)

2038

- All kilns are carbon neutral

2040

NET ZERO

CO_2 CO_2 CO_2 CO_2

CARBON
ENERGY INTENSITY AND EFFICIENCY
RESOURCE UTILISATION AND CIRCULAR ECONOMY

*where industry specifications allow for it

ESG report

Social

Pillar	Key Focus Area	Targets	How Did we do	Focus for 2023
Social	Ensure people leave work in the same or better condition than when they arrived. Support the physical and mental health of our employees and their families. Attract, train, retain, and engage our workforce. Be a good neighbour; Source local, buy local, sell local, invest local.	Total injury frequency rate and harm injury frequency rate reduction year on year. Increase workforce engagement and retention. Increase board diversity.	13% year-on-year reduction in incident frequency rate; 19% reduction in serious harm frequency rate and over 70% year-on-year increase in near hit, hazard, and risk reporting. This data is not just limited to employees, but included all those that work on our sites including contractors. Commitment to employees as well as their families and the communities through Family Fun Day with over 200 people attending. Climate and supervisor surveys that has allowed each business to focus on key areas identified by our employees. Increased female board diversity to 25% with regards to NEDs through the appointment of Axelle Henry. Continued development of our working relationships with the military and military employment charities. Engagement of apprenticeship schemes as well as school and university placements to offer careers to those both at the start of their careers or those looking for change or coming back to work later in life.	Continual roll out of supervisor alignment programme for Health & Safety. Continued focus on 3 core Health & Safety areas: Structure & Compliance; Proactive Prevention; and Learn & Improve. Alignment of all business to group core risks to continue to drive SIF reduction. Continue to promote Board diversity in addition to current diversity of 25% of female NEDs. Continue to work with government agencies, education establishments and communities to offer long term employment opportunities.

Governance

Pillar	Key Focus Area	Targets	How Did we do	Focus for 2023
Governance	Promote QCA and Corporate Governance Codes; Ensure proactive Board oversight and independence of committees; Focus on Risk Management and mitigation, including cyber; Ensure transparency on reporting and Tax.	Continue to implement, and transparently disclose, compliance and matters relating to ESG. Maintain ongoing compliance in a dynamic environment across multiple jurisdictions.	Appointment of Axelle Henry as an independent NED. Appointment of Company Secretary to bolster the Group's already strong corporate governance function, reporting to the Board on all compliance related matters. Alignment of cyber security policy as well as other overarching policies across the Group. Enhancement of governance education within the Group through the use of Formity training and compliance system.	Review opportunity for improvement of Investor relations function within the Group. Interaction with institutional investors' ESG & Stewardship analysts to ensure compliance with reporting requirements. Be a leading business of compliance that meets the expectations of our shareholders and potential investors in a timely fashion.

Disclosure

TCFD pillar	Recommended disclosure	SigmaRoc summary
Governance	– Board's oversight of climate-related risks and opportunities. – Management's role in assessing and managing climate related risks and opportunities.	The Board has the highest level of responsibility for climate-related issues and is supported by various committees including the Audit Committee, which is responsible for monitoring ESG performance. In 2021, the Board agreed a road map to developing ESG through TCFD, SASB and development of ESG targets with 2022 being the first year of reporting to SASB and where data limited, putting process in place to capture for the following year.
Strategy	– Climate-related risks and opportunities identification. – Climate-related risks and opportunities impacts. – Resilience of the organisation's strategy.	ESG is core in all of our key decision-making. Both the Board and management teams review where climate-related risks and opportunities might occur, as well as their significance and connection to other risks. This information allows us to challenge our strategy to ensure it is as resilient as possible.
Risk Management	– Identifying and assessing climate-related risks. – Managing climate-related risks. – Integration into overall risk management.	Climate-related risks and opportunities are identified and managed both locally and at Group level with our CTO coordinating all aspects. The identification, assessment and effective management of climate-related risks and opportunities are actively discussed during Board and management meetings.
Metrics and Targets	– Climate-related metrics. – Scope 1, Scope 2, and Scope 3 emissions. – Climate-related targets.	To ensure meaningful and appropriate metrics and targets for our stakeholders, we adopted SASB recommended disclosures. We also comply with SECR, which is independently produced, and voluntarily expand the remit to include all our operations, not just the UK. As a further commitment in 2022 we committed to SBTi and will use the 2022 data to submit and independently validate targets.

SASB provides industry-specific standards for disclosing performance on sustainability topics including, but not limited to, climate in a comparable manner that are reasonably likely to have a material effect on financial performance of companies in each industry. They will be used when assessing the relevant disclosures under the Metrics and Targets Pillar of the TCFD and are among the most frequently cited tools in the TCFD's Implementation Annex.

SASB Topic	Accounting Metric	Category	Unit of Measure	Code	2022 Result
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.	Quantitative	Metric tons (t) CO_2-e, Percentage (%)	EM-CM-110a.1	665,937 tCo_2e 90% covered by EUETS Further detail can be seen in the independent SECR data on page 109
Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Discussion and Analysis	n/a	EM-CM-110a.2	The road to net-zero is detailed on pages 100-103 Our decarbonisation program of our kilns is detailed on page 53 The commitment to SBTi and the use of OneClick will allow for both independent targets to be set as well as tracked page 28
Air Quality	Air emissions such as:	Quantitative	Metric tons (t)	EM-CM-120a.1	
	(1) NOx,				699.10
	(2) SOx,				1544.19

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SASB Topic	Accounting Metric	Category	Unit of Measure	Code	2022 Result
Energy Management	(1) Total energy consumed,	Quantitative	Gigajoules (GJ) Percentage (%)	EM-CM-130a.1	4,413,519 GJ of energy
	(2) percentage grid electricity,				16% from grid
	(3) percentage alternative,				21% alternative energy including Guarantee of origin for alternative energy.
	(4) percentage renewable				2% renewable energy including guarantee of origin of renewable energy and solar PV
Water Management	Total fresh water withdrawn,	Quantitative	Thousand cubic meters (m.) Percentage (%)	EM-CM-140a.1	312,878m3 of water withdrawn 14% of process water is drawn from fresh water supplies
Waste Management	Amount of waste generated	Quantitative	Metric tons (t)	EM-CM-150a.1	4,496,901t This is predominantly related to overburden removal at quarries. These materials are often stored or used for restoration purposes including the recultivation of indigenous soils for remediation. The creation of new business is also looking to use surplus material into other business streams and therefore reprocess historical and future material once deemed waste.
Biodiversity Impacts	Description of environmental management policies and practices for active sites	Discussion and Analysis	n/a	EM-CM-160a.1	Full detail is on pages 111 and 112
Biodiversity Impacts	Terrestrial acreage disturbed; percentage of impacted area restored	Quantitative	Acres (ac) Percentage (%)	EM-CM-160a.2	3,737 acres of land is disturbed 16% of land was restored
Workforce Health & Safety	Total recordable incident rate (TRIR)	Quantitative	Rate	EM-CM-320a.1	Data has historically been collected as an amalgamation for Direct Employee, Contract employee and external contractors as it is believed that we are responsible for all those on our site regardless of employment status. The performance of health and safety can be found on page 112
Workforce Health & Safety	Number of reported cases of silicosis	Quantitative	Number	EM-CM-320a.2	None For further information on occupational health, please see page 113
Product Innovation	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Quantitative	Reporting currency Percentage (%)	EM-CM-410a.2	Market share is not a straightforward number to capture given all the industries and end markets we operate in, however in the Greenbloc and Sustainability section on pages 29, 99-116 we clearly show how construction material product innovation is being driven.

SASB Topic	Accounting Metric	Category	Unit of Measure	Code	2022 Result
Pricing Integrity and Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities.	Quantitative	Reporting currency	EM-CM-520a.1	Zero

Group Environmental Report

Dealing with Carbon Dioxide

To deal with CO_2, it is crucial to understand how CO_2 is governed and how it is produced.

The European Union Emissions Trading System (EUETS)

The EUETS regulates greenhouse gas emissions of energy and energy-intensive industries as well as inner-European aviation. The EUETS puts a cap on the carbon dioxide (CO_2) emitted by business and creates a market and price for carbon allowances. It covers 45% of EU emissions, including energy intensive sectors and approximately 12,000 installations.

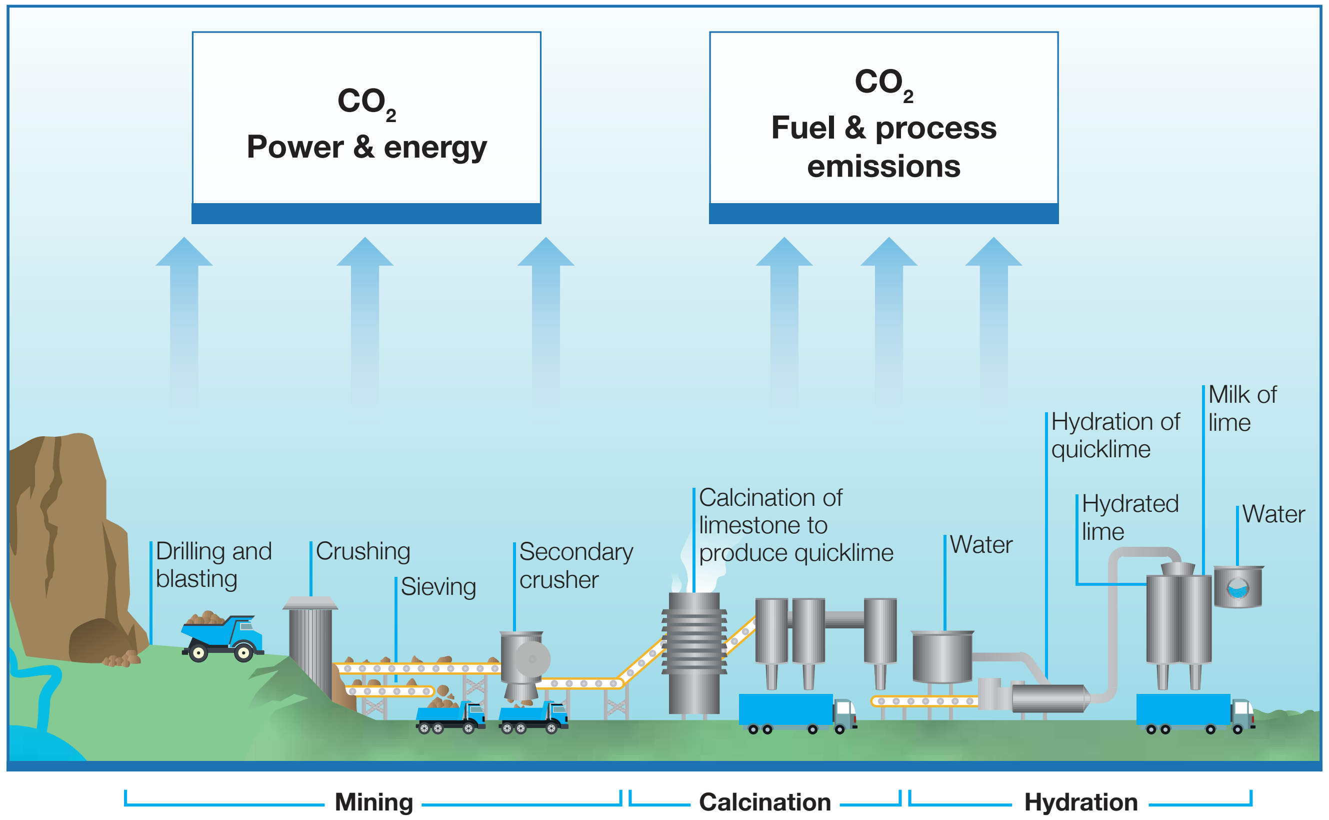
The EUETS works on the 'cap and trade' principle. A 'cap', or limit, is set on the total amount of certain greenhouse gases that can be emitted by factories, power plants and other installations in the system within the cap, and companies receive or buy emission allowances which they can consume, or trade as needed.

An allowance gives the right to emit a tonne of CO_2, and any allowance surplus to requirement can be accumulated and used to offset future emissions or traded. The current surpluses were inherited from previous phases of the scheme where emissions were consistently below the system's cap. As such the value of these allowances was low and were traded at less than €10/tonne.

The directive concerning Phase IV (2021-2030) of the ETS entered into force on 8 April 2018. However, secondary legislation and guidance documents defining the legislative background of the Phase IV Trading Period are still ongoing. The new benchmark values (the value at which the free allowance is set) is below the actual emissions of the covered industries, and this deficit, along with market measures such as a stability reserve held by the EU and the faster reduction in year-on-year allowances has driven traded prices up to current values of €80-€100/tonne.

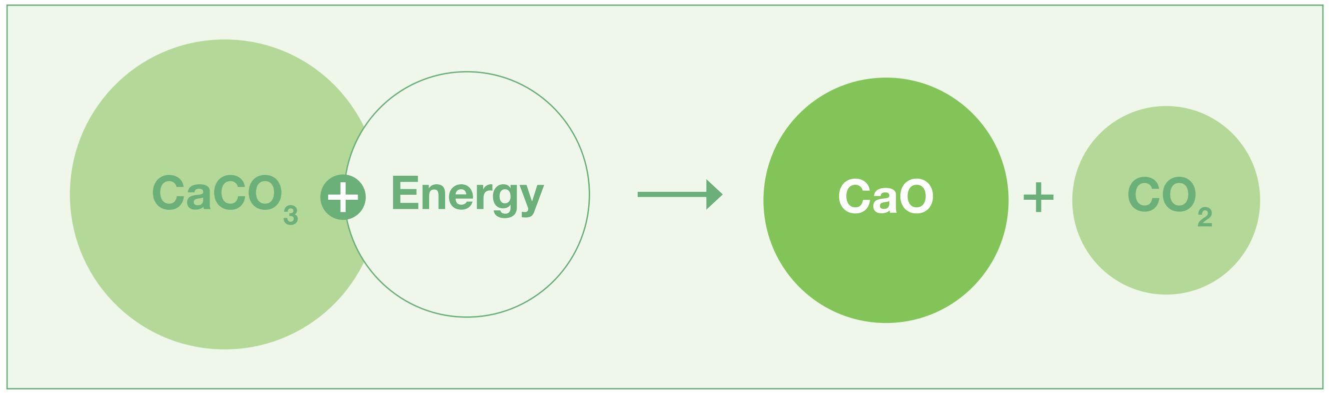
Lime Industry and CO_2

For lime there are sources of CO_2 along the production process, however there are two primary sources that make up the majority of CO_2 emissions: fuel and process emissions from the calcination part of the process.



ESG report

The calcination process is simply the formula of deriving CaO from $CaCO_3$ using heat.



The two main sources of CO_2 from the calcination part of the process are as follows: Combustion CO_2 (~25% to 35%) is produced from the burning of fossil fuels, while process CO_2 (~65% to 75%) results from the actual calcination of limestone.

All the CO_2 sources have different mitigation solutions.

Power and energy CO_2 can be reduced through energy efficiency, renewable electricity, fuel efficiency and renewable / alternative fuels. We are actively working on renewable energy solutions and Power Purchase Agreements.

Combustion CO_2 can be reduced by energy efficiency and fuel selection, as well as by carbon capture utilisation or sequestration (CCUS). We are in the process of moving away from fossil fuels and aim to commission our first module of the CCUS in April 2023.

Process CO_2 can only be addressed by CCUS, with our first module due to be commissioned in April 2023.

Carbon capture utilisation or sequestration

The emissions from lime kilns are well suited to technologies such as CCUS as they have a higher CO_2 content than most post-combustion gases and contain fewer contaminants due to using only limestone as feedstock and, due to product requirements, more stringent fuel quality requirements and typically lower gas filtration temperatures.

Post-combustion capture (PCC) systems constitute a technically and economically viable solution to reduce emissions in a variety of sectors. Retrofitting existing plants with post-combustion capture units may be the only effective and economically viable way to reduce emissions at the stack, without affecting the process upstream. The availability of a range of commercially ready technologies suitable for different types of CO_2 point sources is crucial for the wide deployment of CCUS systems. Given the wide ranges of plant sizes and flue gas specifications relevant to different emitting sources, it is unlikely that a single technology could fit best in all cases. Therefore, for effective process design, it is convenient to consider multiple technologies and select the most efficient and economically viable option to serve the purpose.

In addition to the membrane technology chosen by SigmaRoc, there are a few other options, each with their own opportunities and risks:

– Amine scrubbing is acknowledged as the most mature CCUS solution. Absorption-based processes for the separation of CO_2 from flue gases have been widely researched, and their effectiveness has been proven through testing on a variety of scales, from laboratory to commercial. For lime, this solution is both costly and requires a substantial footprint with significant energy consumption and issues with disposal of waste residues.
– Cryogenic capture and separation is a more recent development offered by industrial gas companies as an extension of their in-house process. For Lime, this solution is both costly and requires a substantial footprint with significant energy consumption.

SigmaRoc believes that membrane technology is optimally suited to our operations, in summary, due to the proven technology, small footprint, low capital and operating costs, and high efficiencies.

Membrane-based processes, on the one hand, are characterised by relatively simple process schemes (e.g., no flowing liquid phase, fewer auxiliary streams and fewer pieces of equipment), which make them cost-competitive at small scales. On the other hand, components like membrane modules are generally limited in their maximum size and benefit less from economies of scale, but do offer a modularity that allows for smaller investments over time to follow market effects.

The choice to pursue membrane technology in our lime production process was based upon several criteria – capital requirement, footprint, cost of operation, complexity of operation and overall environmental impact.

Membrane technology is, as mentioned previously, limited in scale and suitable for modularity, allowing smaller capital investment to track, as an example, allowances in EUETS. The modules are small (within a sea container) and would require, in our largest plant, four modules to cover process emissions. There are relatively few moving parts, no hazardous liquids or residues and, due to efficient kiln processes where we have little remaining waste heat which can be used in amine technologies, lower energy penalty to operate (typically less than 50% of competitive technologies). In addition, when the produced CO_2 is utilised in other processes, specific purity requirements could be met by the addition of another stage of separation within the existing modules.

Streamlined Energy and Carbon Report (SECR)

Energy use and associated greenhouse gas emissions

Current UK based annual energy usage and associated annual greenhouse gas (GHG) emissions are reported pursuant to the 2018 Regulations.

Organisational boundary

Energy use and associated GHG emissions are reported across the Group as defined by the operational control approach. This includes operations in the UK and Channel Islands (North West), Belgium (West) and Estonia, Finland, Poland, Sweden, Turkey & Spain (North East). This exceeds the minimum mandatory requirements set out in the 2018 Regulations for 'large unquoted companies', which only requires reporting of UK based energy use and emissions.

Acquisitions during 2022 include Johnston Quarry Group in January 2022 which forms the England Platform and RightCast which joined the UK based PPG Platform in April 2022. Spanish based La Belonga joined the North East region in July 2022.

Reporting period

The annual reporting period is 1 January to 31 December each year and the energy and carbon emissions are aligned to this period. The energy and emissions for the newly acquired entities have been included from their respective acquisition dates. Reported emissions for Nordkalk in 2021 have been revised to present a full 12 months, thereby providing a more accurate like for like comparison with 2022 emissions.

Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. Emissions calculations were based on emission factors published in the 2022 UK Government GHG Conversion Factors for Company Reporting, Statistics Finland Fuel Classification 2022, Swedish Environmental Protection Agency Emission Factors 2022 and the latest available factors from the Association of Issuing Bodies (2021), Jersey Electricity (2020) and Guernsey Electricity (2020). The report has been reviewed independently by Briar Consulting Engineers Limited.

Electricity and gas consumption were based on invoice records with some pro-rata and benchmark estimations carried out to complete missing data. Transport usage was calculated from a combination of mileage and fuel records where possible. Transport is not necessarily reported separately outside the UK and Channel Islands as it is included within onsite fuel usage. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The associated emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations. For large unquoted organisations, the 2018 Regulations define mandatory emissions as those originating in the UK coming from purchased electricity, gas combustion and purchased fuel for transport (including mileage expense claims). Reporting energy and emission sources outside of these sources is considered voluntary and reported separately.

The emissions are further divided into their relevant scopes as per the GHG Protocol. The scopes are defined as:

– Scope 1: Direct GHG emissions that occur from sources owned or controlled by the organisation.
– Scope 2: Indirect GHG emissions from the generation of acquired and consumed electricity, steam, heating or cooling.
– Scope 3: Other indirect GHG emissions that occur as a consequence of the organisation's activities but occur from sources not owned or controlled by the organisation.
– Outside of scopes: Biogenic CO_2 emissions that scope 1 impact are determined to be 'net zero', since the fuel source itself absorbs an equivalent amount of CO_2 during the growth phase as the amount of CO_2 released through combustion. Therefore, the direct CO_2 emissions are reported separately.

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type		2021		2022
Mandatory energy:	**UK**	**Group Total[1]**	**UK**	**Group Total[1]**
Gas	453,856	302,329,485	362,199	208,190,947
Purchased electricity	5,113,311	189,655,953	7,024,295	192,100,497
Transport fuel & site fuel	52,777,809	396,547,065	55,806,376	434,579,215
Total energy (mandatory)	**58,344,976**	**888,532,503**	**63,192,870**	**834,870,659**
Voluntary energy:				
Bioenergy	-	22,177,534	-	32,094,230
Coal	-	428,002,960	-	387,013,242
Generated electricity[2]	-	1,906,467	-	4,499,105
Total energy (voluntary)	**-**	**452,086,961**	**-**	**423,606,577**
Total energy (mandatory & voluntary)	**58,344,976**	**1,340,619,464**	**63,192,870**	**1,258,477,236**

[1] The Group total includes emissions from the UK, Channel Islands, Belgium, and Nordkalk (Estonia, Finland, Poland, Sweden and Turkey, with Spain from August 2022 only).
[2] Electricity generated by solar photovoltaic panels. Reported energy includes any exported energy to the grid.

Breakdown of emissions associated with the reported energy use (tCO_2e)

Emission source	2021			2022
Mandatory emissions:	**UK**	**Group Total[3]**	**UK**	**Group Total[3]**
Scope 1				
Gas	83	49,091	66	32,501
Company owned vehicles & site fuel	13,035	103,962	13,859	113,712
Scope 2				
Purchased electricity (location-based)	1,086	43,200	1,358	42,771
Scope 3				
Category 6: Business travel (grey fleet only)	77	103	88	311
Total gross emissions (mandatory)	**14,281**	**196,356**	**15,371**	**189,295**
Voluntary emissions:				
Scope 1				
Bioenergy (CH_4 & N_2O)	-	1.4	-	2.0
Coal	-	140,333	-	131,205
Process related emissions	-	413,896	-	388,517
Total gross emissions (voluntary)	**-**	**554,230**	**-**	**519,724**
Total gross emissions (mandatory & voluntary)	**14,281**	**750,586**	**15,371**	**709,020**
Outside of scopes (CO_2 only)				
Bioenergy	-	7,586		11,013
Petrol/diesel biofuel content	227	251	223	239
Intensity ratio: tCO_2e per million-pound turnover:				
Mandatory emissions only	193.0	423.2	142.3	351.9
Mandatory & voluntary emissions	193.0	1,617.6	142.3	1,317.9

[3] The Group total includes emissions from the UK, Channel Islands, Belgium, and Nordkalk (Estonia, Finland, Poland, Sweden and Turkey, with Spain from August 2022 only).

Breakdown of emissions across the Group by region for 2022 only (tCO_2e)[4]

Emission source				2022
	North West	**West**	**North East**	**Total**
Bioenergy (CH_4 & N_2O)	-	-	2	2.0
Coal	-	-	131,205	131,205
Gas	66	108	32,328	32,501
Company owned vehicles & site fuel	18,431	6,180	89,101	113,712
Process related emissions	-	-	388,517	388,517
Scope 2				
Purchased electricity (location-based)	1,473	1,715	39,583	42,771
Scope 3				
Category 6: Business travel (grey fleet only)	95	-	216	311
Total gross emissions	20,065	8,003	680,952	709,020
Outside of scopes				
Bioenergy (CO_2)	-	-	11,013	11,013
Petrol/diesel biofuel content	239	-	-	239
Intensity ratio				
tCO_2e per million-pound turnover	144.2	91.6	2,186.2	1,317.9

[4] The North West includes the UK and Channel Islands; the West region includes Belgium; the North East region includes Nordkalk.

Intensity ratio

The intensity ratio is total gross emissions in metric tonnes CO_2e per total million-pound (£m) turnover. This is calculated separately for 'mandatory' emissions and 'mandatory & voluntary' emissions for the UK and regionally for the North West, West and North East SigmaRoc regions. This financial metric is considered the most relevant to the Company's wide-ranging activities and allows a comparison of performance across other organisations and sectors.

Energy efficiency action during current financial year

Emissions for Nordkalk (the North East region) have been reported for a full 12 months in 2021 (despite joining SigmaRoc in September 2021) and 2022 to provide comparable annual emissions for the Group. Consequently, the reported emissions reveal that Group wide relative and absolute emissions have reduced in 2022 despite the acquisitions of Johnston Quarry Group, RightCast and La Belonga.

Fuel consumption emissions in the North East region have reduced with a transition away from coal (reduced by 9,128 tCO_2e) and coke gas (reduced by 4,648 tCO_2e) to alternative and biofuel sources, such as recycled fuel oil (increased by 6,459 tCO_2e) and biofuel in Finland and Sweden rotary kilns.

Gross UK emissions have increased by 1,090 tCO_2e in 2022, largely due to the acquisitions of Johnston Quarry Group (1,816 tCO_2e) in 2022, which has countered emission reductions elsewhere in UK operations. Nevertheless, operational efficiencies at the Wales Platform quarries of Harries have resulted in energy efficiency improvements. In Blaencilgoed Quarry, usage of DERV has reduced by 0.14 litres per tonne of aggregate production when compared to 2021 data. At the same quarry, power to a small submersible water pump has been converted from a diesel generator onto mains electricity, which has a lower carbon intensity.

At the Harries Bolton Hill Quarry, operational efficiencies have resulted in DERV usage reducing by 0.3 litres per tonne in mobile plant aggregate production, while at the main fixed crushing plant, electricity consumption has reduced by 1.5 kWh per tonne in aggregate production compared to 2021 data. Furthermore, a fabricated steel structure has been constructed at Alltgoch Quarry over the cold feed bins at the asphalt plant as part of a development to keep the aggregate and dust drier and save energy costs.

The Ronez operations are trialling low temperature asphalt to reduce use of gas oil and have been improving metering and monitoring of energy usage to identify further opportunities in 2023. At Poundfield Products, work has begun to replace the diesel-powered forklift truck fleet with electric powered models, while also investigating the feasibility of installing solar panels at the main manufacturing sites.

Water management and biodiversity

SigmaRoc understands the pressing need for businesses to preserve the environment they operate in, safeguarding our shared home for current and future generations.

SigmaRoc is dedicated to limiting and mitigating the impact of its activities on the environment and focusing on growing sustainably. To do so, we have implemented several polices including Biodiversity and Environment & Water.

Water management

Our operations minimise the amount of fresh water extracted, with 86% of our water being recycled and reused. In several sites, excess water is routed to local water supply companies for treatment and then use in local communities. Several of our quarries have extensive amounts of naturally collected water which, subject to agreement with local authorities, can be used as alternative water sources.

ESG report

Biodiversity

Despite the Group operating over a large area of approximately 4,000 acres, this year saw around 16% restored according to agreed programs. Even in our working environments, we take a proactive approach to biodiversity and our sites have created working ecosystems. This includes breeding programs and the re-introduction of wildlife such as the Red Bill Chough, not seen for over 100 years, nesting of peregrine falcons, as well as other flora and fauna. Operational considerations not only seek to minimise impact, but also actively enhance biodiversity in surrounding areas.

Some sites are close to Sites of Specific Scientific Interest where our working relationships with local groups and national agencies have helped ensure they thrive. Where there is risk of impact, the valuable species are moved to other suitable or created areas.

The businesses' environmental aspects are guided by their individual operating policies, ensuring that local requirements, as well as wider requirements, are met.

The operating policies list the guiding principles of the management system and provide a framework for setting quality, environmental and H&S goals supporting strategy and aiming for continuous improvements being implemented within all businesses.

Before commencing operation of a site, the potential environmental and social impacts are assessed through an Environmental Impact Assessment process, after which an application for an environmental permit is typically made.

During the operating phase of the sites, environmental management is guided by environmental permits, which set regulatory requirements for the operation and closure, and by the environmental management system of the Company including ISO14001.

Active sites have restoration and water management plans which are often set as part of the permitting process and are updated as required. The environmental management of the sites covers matters such as ecological and biodiversity impacts, waste generation, noise impacts, emissions to air, discharges to water, natural resource consumption, and hazardous chemical usage.

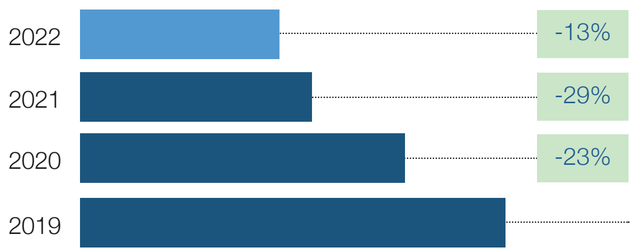
The Group is committed to minimising its impact on the natural environment where it operates. We integrate biodiversity management into all steps of planning, production and closure of sites whilst maintaining a hierarchy of mitigation (avoid, minimize, restore, and finally offset).

Group Health and Safety Report

2022 once again saw continued focus and commitment to health & safety across a larger and more diverse Group. Importantly, the Group has seen a further 13% reduction in the Total Recordable Incident Rate (TRIFR) and 8% reduction in Lost Time Injury Frequency Rate (LTIFR). Strong focus on near hits and hazard & risk elimination resulted in an increase in positive and lead indicating reporting by more than 70%. It should be clearly noted that when reporting we cover all those that work on our site regardless of employment status and as such this includes employees, agency staff, consultants, and contractors.

TIFR

TIFR per 1mhrs for employees and contractors



Operating in numerous countries across the UK and Europe, we continue to ensure compliance with local regulation, which is managed at a local level, whilst at the same time integrating these businesses to align with best practice Group H&S standards.

Principles

The Group continues to drive its overarching H&S standards which we believe supported the continual improvement in health and safety in 2022.

Structured & Compliant	Proactive Prevention	Learn & Improve
1. All sites audited with identified improvement actions. 2. All corrective actions properly c losed out and on time.	1. Core risks with live action plan. 2. Uncontrolled Risks and hazards (HIRE) logged and actioned.	1. No repeat Events. 2. Performance and events promptly communicated throughout the businesses.

Core risks

SigmaRoc has worked closely with consultants and post-graduate researchers to continual improve our health & safety. This year has seen the focus on core risks which include:

- Contact with moving vehicles / objects
- Entrapment by machinery / moving parts
- Hit by suspended load / falling objects
- Falls from height
- Trapped by significant mass / energy
- Powders and COSHH material handling

Two primary areas of focus to improve our control of core risks has been on:

1. Serious Injury or Fatality (SIF) framework; and
2. Investigations.

SIF is the focus on events that could lead to Serious Injury or Fatality; in simple terms those events that cause or have the potential to cause life threatening / changing injuries. This work has been heavily developed in recent times and is seen to be the next evolution of well-grounded traditional H&S principles; driving the focus to those areas that are of the most serious nature. This has supported and aligns with our core risks and enables us to develop improved reporting to ensure action on those key areas.

The Group also maintains a strong focus on conducting detailed investigations, not only after an event has happened, but also before events happen. For example, through Bow Tie analysis, core risk events can be reviewed before they happen. This allows causes to be proactively identified so safety barriers can be implemented to mitigate routes to an adverse H&S event. On the flip side, the effects and consequences of the event are also proactively identified so safety barriers can be implemented to mitigate the impacts of such an event.

Post event investigation, including investigation on near hits, and externally publicised events both in our industry and beyond, is conducted. The level of investigation is proportional to the severity and seeks to review not just the event, but also organisation factors, task and environmental conditions, individual and team actions, and absent or failed defences.

It is by these principles and through core risk management and investigation that the Group can act to continually deliver its year-on-year H&S improvement.

Front line leadership

Following on from 2021, in 2022 the Group concluded its initial Group front line leadership initiative. The Group continues to support and drive NEBOSH and IOSH (or equivalent) training of supervisor and front-line management as an on-going process.

2022 laid the foundation for the 2023 initiative to ensure all front-line leaders spend optimal time on site, leading and managing safety, quality, and productivity. This includes engagement of our front-line leaders, which includes both supervisors and managers, and working closely with them to ensure they continue to be supported and equipped, whilst identifying and eliminating unnecessary process and reporting, to maintain a safe, lean, and agile business.

By focusing on the inputs of having boots on the ground and lean processes driven by our front-line leaders, the Group is confident that it will see continued improvement in the output of not only safety, but also quality and productivity.

HighVizz

Our ability to manage and report safety continues to thrive and develop through our HighVizz app. This includes supporting SIF identification, as well as new modules such as pre-start inspections, and enables our teams to have lean processes and systems that ensure risks are managed more effectively and efficiently.

Culture

The safety culture of the Group continues to have strong focus, as every new business comes with differing approaches to safety prior to joining SigmaRoc. In 2022, the H&S part of the monthly senior management meeting was given its own specific meeting held two weeks earlier. The meeting has been expanded to a wider audience to promote focus, communication and prompt closure of actions, with the ability to follow up key actions in the main senior management team meeting two weeks later; thereby driving the "plan, do, check, act" cycle used by the UK HSE.

The initiative based on football league tables in Belgium has shown huge success and has resulted in year-on-year increased engagement of nearly 400% for near hits, hazard, and risk identification and a subsequent reduction in SHIFR by 23%.

Occupational Health

Both SASB and the UK Minerals Product Association have a focus on occupational health, especially Silicosis. As a Group we have a hierarchy of controls, based upon best health and safety guidance and an assessment of the risks within our sites and workplaces ensuring compliance with HASWA 1974, MHSWR 1999, COSHH Regulations, L140 - HSE ACOP for HAVS, PUWER 1998, HSG258 - HSE Controlling airborne contaminants at work (use of LEVs) and EH75-4 and INDG 463 Silica and control methods.

These include:

- Use of Risk assessments, safe systems of works and COSHH assessments;
- Minimising dust generated by our operations through engineering controls such as enclosing processing equipment and transfer points, water suppression, use of spray systems for dust encapsulation and local exhaust ventilation;
- Periodic personal and local monitoring by external consultants and subsequent personal assessments against recognised exposure limits;
- Health questionnaires and health surveillance of staff by Occupational Health specialists;
- Where surveys identify potential exposure above recognised exposure limits warning signage is posted and workers are required to wear appropriate respiratory protective equipment including full and half masks, and air fed breathing systems;
- Time limits set for and policy of job rotation to minimise exposure times in addition to the use of specialised PPE in areas of risk;
- Training for new employees and regular refresher training for existing employees to raise awareness of the risks to health that can arise from exposure; and

Training in the correct use and maintenance of PPE provided to protect their health and other checks such as face fit testing for dust masks.

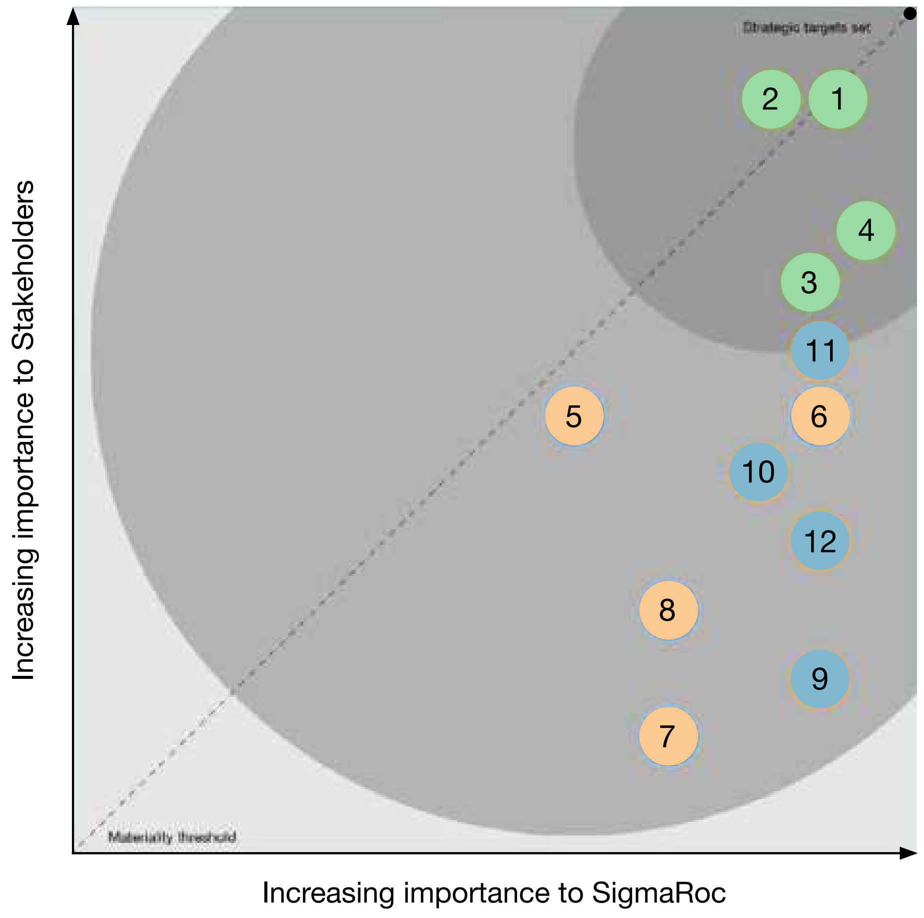
ESG report

Stakeholders

Stakeholders (in alphabetical order)	Description	How we engage
Colleagues	We have a dedicated workforce of over 2,000 across the Group. We recognise our dedicated workforce as a key driver of the value derived from the business. Our colleagues are experienced and continuously developed to fulfil their potential. All employees are offered a fair benefits and compensation package relative to their role and level in the organisation. We encourage share ownership where it is available and, where possible, are working to setup where it is not currently in place.	Site presence and visual felt leadership. Employee groups and committees and unions. Focus on development training and succession planning. Decentralised approach with flat management allowing easy access to all staff. Employee benefit offerings that can also extend to family members.
Customers and Suppliers	All our businesses are decentralised and locally focused so that we know the customers' and suppliers' areas like they do. We work alongside our customers to provide "right first time" service and to seek proactive and innovative solutions to support requirements. "Right first time" is key to success and ensuring customer loyalty as part of our long-term success. We recognise the huge role our suppliers play in our long-term success. We strive to ensure timely payments and maximise value to support the delivery of our customers' needs. We balance economic requirements with sustainability considerations over the whole supply chain.	Prioritise a local focus on both customers and suppliers. Engage directly from our sites so that the customer and supplier deal directly with the site they are supplying or buying from. Ensure timely payments are made to suppliers. Functional and intuitive websites and digital solutions focused on the customer. Ensure adequate checks and due diligence are done on customers and suppliers.
Communities	By being decentralised and local we are at the heart of the communities in which we operate allowing us to be good, knowledgeable, supportive, and engaging neighbours.	Proactive approach and active participation in community and industry working groups, forums, and committees.
Investors	All our Shareholders play an important role in the continued success of our business. We maintain purposeful and close relationships with them either directly or via wider mediums such as Q&A webinars and conferences. We seek to be transparent and give clear and consistent messages across all communication channels.	Dedicated forums such as AGM, annual and interim webinar Q&As and/or interactive investor presentations. Annual and interim reports, trading statements and RNS. Regular phone calls and dialogues. Broker and NED contacts. Site visits, investor roadshows, investor conferences.
Regulators / local Government	We look to develop and sustain good relationships with many regulators who govern our businesses to ensure the success of our business and maintaining our license to operate. We are committed to adherence of legal and regulatory requirements. We are committed to have independent review / oversight be it internally or externally. We are committed to a sustainability framework following review of international standards.	Regular dialogue with Governments, Government agencies, regulators, and industry groups. Active membership of the industry bodies such Mineral Products Association, Federation Industries Extractives and European Lime Association. Effective and clear policies to ensure governance. Education and training of staff to reinforce compliance with regulations.

MATERIALITY ASSESSMENT

Increasing importance to Stakeholder vs. increasing importance to SigmaRoc



1. Sustainable use of reserves and resources
2. Responsible use of key resources
3. Optimal energy use and minimal impact on the environment
4. Contributing to sustainable construction and addressing environmental aspects
5. Ensure people leave work in the same or better condition than when they arrived
6. Supporting the physical and mental health of our employees and their families
7. Attract, train, retain and engage our workforce
8. Be a good neighbour, source local, buy local, sell local, invest local
9. Promote QCA and Corporate Governance
10. Ensure proactive Board oversight and independance of commitees
11. Focus on risk management and mitigation
12. Ensure transparency on reporting and tax

Stakeholder engagement

The Directors believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006. The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Group's employees;
- Foster the Group's relationships with suppliers, customers and others; and
- Consider the impact of the Group's operations on the community and environment.

The application of the s172 requirements are demonstrated throughout this report and the Accounts as a whole, with the following examples representing some of the key decisions made in 2022 and up to the date of these Accounts:

- Continued pursuit of buy and build growth strategy: the Group has continued its buy and build growth strategy, completing three acquisitions during 2022 and entering into a strategic JV partnership with ArcelorMittal.
- Management of Russian invasion into Ukraine: the Group successfully evacuated family members of Ukrainian colleagues into Poland and provided support near the Ukrainian border to those that were unable to evacuate.
- Dealing with impact from UPM union strike: the Group endured a 4-month union strike at one of its largest customers and managed to mitigate the impact through a combination of operational efficiency programmes and cost savings initiatives.
- Safety initiatives: safety and wellbeing of our colleagues is one of our top priorities and the Group continued to improve its health and safety standards.

ESG report

Further specific information as to how the Board has had regard to the s172 factors:

Section 172 factor	Key examples	Page references
Consequence of any decision in the long term	CEO's strategic report	14
	Business model	31
	Our strategy	34
	Chief Technical Officer's risk report	88
	ESG report	98
	Governance report	122
Interests of employees	CEO's strategic report – ESG, Safety & Innovation	122
	Chief Technical Officer's risk report – Health & safety	91
	Chief Technical Officer's risk report – Recruitment & retention	92
	ESG report – Group health & safety	112
	ESG report – Stakeholders	114
Fostering business relationships with suppliers, customers and others	Chief Technical Officer's risk report – Quality	92
	ESG report – Social	104
	Chief Technical Officer's risk report – Operational disruption & key equipment failure	92
	ESG report – Stakeholders	114
Impact of operations on the community and environment	CEO's strategic report – ESG, Safety & Innovation	122
	Chief Technical Officer's risk report – Environment & climate change	90
	ESG report – Social	104
	ESG report – Environment	101
	ESG report – Streamlined Energy & Carbon Report (SECR)	109
	ESG report – Stakeholders	114
Maintaining high standard of business conduct	Business model	31
	Our strategy	34
	ESG report	98
	Governance report	122
Acting fairly between members	ESG report – Governance	104
	ESG report – Stakeholders	114
	Governance report	122

Membership

Membership to trade organisations, industry bodies and other agencies is critical to ensure continual improvement in all that we do and to help facilitate the ongoing changes our industry and our customers face. Across our platforms we both support and are supported by National and International bodies such as:

- Mineral Product Association (MPA): UK industry trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries.
- Federation Industries Extractives (Fediex) of which we have representation on the Board.
- FedBeton: Federation for ready-mixed concrete in Belgium.
- European Lime Association (EuLA) of which we have representation on the Board.
- Industrial Minerals Association Europe (IMA Europe).
- European Calcium Carbonate Association (CCA).
- International Lime Association (ILA).

Further to these bodies, businesses in the Group also have ISO accreditation or equivalent in ISO 9001 Quality (78%[3]); ISO 14001 Environment (76%[4]) and ISO 45001 Health & Safety (69%[5]). Some businesses are currently going through ISO accreditation programs. Benelux was reviewed, however the local business and product accreditations held were deemed to have greater relevance than the ISO, for both our customers and end-users.

Further information on ESG will be available via our dedicated ESG Report and at www.sigmaroc.com.

[3, 4, 5] Based on Group Revenue, not number of businesses

Stakeholder report

Stakeholder report

We understand and respond to the needs of our stakeholders. The Board is committed to and actively encourages effective relationships and communication with the Group's stakeholders. This will realise a greater understanding of each stakeholder's needs. The Board believes that by taking into account these needs and interests, the value for the Group and the long-term success of the Company will be maximised.

Colleagues

We recognise our dedicated workforce as a key driver of the value derived from the business. Our colleagues are offered development opportunities to further fulfil their potential. All colleagues are offered a fair benefits and compensation package relative to their role and level in the organisation.

Customers and suppliers

We work alongside our customers by striving to deliver the best customer service and seek innovative solutions to support many of the major projects on which we operate. We pride ourselves on going the extra mile and recognise customer loyalty as a key part of our long-term success. The Group also recognises the huge role its suppliers play in its long-term success. We endeavour to maximise value from our suppliers and work with them to support the delivery of our customers' needs.

Regulators/ local government/ industry associations

Developing and sustaining good relationships with the many regulators who govern our business is central to the success of our business and maintaining our license to operate. We are committed to adherence to our legal and regulatory requirements. We actively support our industry representatives in pursuing the best regulatory regime for our business.

Investors and lenders

Our investors and lenders play an important role in the continued success of our business. We maintain purposeful and close relationships with them and our sustainable long-term growth strategy provides value for our investors and lenders.

Communities

We are at the heart of the communities in which we operate so recognise our responsibility to be good, supportive and engaged neighbours. Our businesses have active liaison programmes with the communities in which they operate, and they seek to take into account their interests and concerns in their operational activities.

We are making a material difference through the impact we have with everyone who lives, works, travels and socialises in communities throughout the UK, Channel Islands and Europe. The Board believes that it has acted in a way which is likely to promote the success of the Company for the benefit of its members and other stakeholders through the decisions it has taken in the year to 31 December 2022.

The Board is responsible for establishing the Group's long-term strategy and objectives; however, it recognises that the executive and senior managers of our businesses play an important role in achieving these goals. The Board has an effective delegation structure in place which allows local management and their workforces to engage effectively and react accordingly, to understand the needs of their suppliers, customers, communities and regulators at a local level. The Board is of the opinion that engaging the majority of its stakeholders on a local level is the most effective process for the long-term success of the Group.

Stakeholder report

	Colleagues	Customers & Suppliers	Regulators/ Local government/ Industry associations	Investors & Lenders	Communities
Their material issues	– Physical working conditions – Pay and benefits – Communication – Opportunities for development and training – Health, safety and wellbeing – Sustainability	– Cost – Product development – Service levels – Sustainability commitments – Product quality – Payment practices	– Climate change – Emissions and discharges – Site restoration and aftercare – Health and safety – Logistics practices – Planning compliance	– Governance – Profitability and return on investment – Sustainability commitments – Environment – Strategy	– Noise – Transportation routes – Health and safety – Environment – Communication – Support for local causes
Methods of engagement	– Colleague engagement surveys – Colleague focus groups – Intranet, post, emails, newsletters, notices and presentations. – Colleague groups and social committees – DNED for Workforce engagement – Personal development reviews	– Direct engagement – Contracts and terms of business – Third-party engagement – Website – Industry associations – Tender quotations – 360 feedback	– Mandatory returns and applications – Regulator visits and meetings – Notices – Liaison with local MPs and government offices – Participation in industry associations	– Capital markets events – Site visits and field trips – One-to-one meetings – Telephone calls – Investor conferences – Brokers' contacts – AGM	– Targeted consultations – Local liaison meetings – Social media – Community events – Letters, emails, notices – Site tours – Websites – School visits
Value created	Improved engagement with colleagues will ensure we develop, motivate and retain our valued workforce while promoting and attracting new colleagues that want to work for us.	Engaging with our customers helps us deliver excellent customer service, build relationships to enable us to get the right product, to the right place, at the right time for the right price. Engaging with our suppliers helps us deliver a sustainable supply chain and circular economy.	Through our engagement we are able to respond and contribute to sector needs and requirements and deliver on compliance and regulatory standards and have input in their development.	Our engagement with investors and lenders ensures that they have a clear understanding of our business and objectives and are prepared to continue with their financial support.	Positive engagement with our communities ensures that we understand and take into account their concerns and needs so that we can address these and improve the communities that we live and work in.

Highlights of stakeholder engagement in 2022

The Board, together with members of the Executive Committee and other senior and local managers, continued to engage proactively with all our stakeholders. The following are just some examples of those engagements in 2022.

Colleagues

Successfully evacuated family members of Ukrainian colleagues into Poland and provided support near the Ukrainian border to those that were unable to evacuate.

As part of our commitment to employees as well as their families and the communities they love and work in, West Wales held a Family Fun Day with over 200 people attending. This was an opportunity for everyone to come together, have fun and relax as well as raise money for local charities with additional support from other local businesses.

Customer and suppliers

During the year the Group had frequent engagement with ArcelorMittal, a customer and more recently strategic JV partner.

In September 2022, the Company's CEO and CFO met with the CEO of SSAB to discuss their ongoing commercial relationship, with particular emphasis on sustainability.

Regulators, local government and industry associations

Each Platform works closely with their local regulators, governments and industry associations with many of our senior management team representing either working groups, committees or holding board positions such as our board position with the European Lime Association.

By having our Platforms work closely with these bodies, we ensure we are the forefront of our local communities, leading our businesses forward as ambassadors of best practice.

Investors and lenders

In May 2022 the Company returned to Mello, a private investor conference held in London, where it presented at two separate sessions to groups of 40 shareholders. The Company was also present at the Investor Show, a private investor forum where in the past two years it has displayed its more recent innovations and acquisitions, such as Greenbloc and Bath Stone.

In October 2022 the Company organised a private investor event at the Isokon Gallery in London, providing shareholders the opportunity to meet with the executive management team and receive an update on the Group's trading for the third quarter of 2022, as well as an update on its Greenbloc ultra-low carbon concrete product range.

Communities

We continue to develop our working relationships with the military and military employment charities and are registered with the Career Transition Partnership. We help facilitate resettlement and transition from military to civilian life as well as support civilian spouses and partners of serving and ex-Forces personnel on their journey into employment.

Across all our platforms, our business model of local business for local communities ensures that we continue to integrate into the areas we work, supporting both other local businesses, projects, and communities.

Board members

Our Board comprises an executive leadership team with extensive experience of the international aggregates industry, supported by experienced non-executive directors who bring strong governance disciplines and a valuable external perspective to our business.

David Barrett
Executive Chairman

Appointed to Board: August 2016

Independent: No

Committees: Nominations Committee

Background: Co-founded London Concrete in 1997, subsequently building the business from one concrete plant in London to over a dozen plants around the capital. London Concrete was sold to Aggregate Industries and is currently the number one concrete supplier in London, with flagship projects such as the London Olympics, the Shard, the US embassy and the new Bloomberg building. Having previously worked with Pioneer, David retired from London Concrete in 2015 and is widely considered an expert in the industry.

Other Directorships: David also holds directorships in various London based Companies including Thames Aggregates Limited, Thames Recycling Limited and Capital Concrete Limited.

Max Vermorken
Chief Executive Officer

Appointed to Board: August 2016

Independent: No

Committees: Member of the Safety Committee

Background: Prior to SigmaRoc, Max was strategic advisor to the CEO of LafargeHolcim Ltd (LafargeHolcim) Northern Europe, the world's largest construction materials group. His role included responsibility for the merger of Lafarge SA and Holcim Ltd in the region involving the only Day 1 integration of the two businesses following the hive-down and integration of two large asset portfolios – a mix which included two cement plants and a multitude of down-stream aggregates and construction materials assets. Prior to working for LafargeHolcim, Max worked in private equity at Luxembourg-headquartered The Genii Group, where he reported directly to its founding principals. Max holds a PhD in Financial Economics from University College London and Bachelor and Master degrees in both Civil Engineering and Financial Economics from University College London and the University of Brussels respectively.

Other Directorships: Max is also a Director of a consulting company Skyeye Consulting Limited.

Garth Palmer
Chief Financial Officer

Appointed to Board: January 2017

Independent: No

Committees: Member of the AIM and MAR Compliance Committee

Background: Garth was Finance Director of SigmaRoc from inception until April 2020, at which point he stepped down from his part-time executive role, but remained as a non-executive board member and Company Secretary. In August 2021, in conjunction with the acquisition of Nordkalk, Garth returned as a full-time executive and Chief Financial Officer. Prior to joining SigmaRoc, Garth began his career providing audit and corporate services in Perth, qualifying at KPMG, before moving to London in 2005 where he provided compliance services across a range of industries. This led Garth to a Finance Manager role at Apple where he spent four years working on business process improvement, developing and implementing new and improved financial processes and systems before co-founding Westend Corporate LLP providing corporate and financial consulting services for AIM listed companies, predominantly within the mining and resources industries. Garth holds a Bachelor of Commerce Degree and is a member of the Institute of Chartered Accountants in England and Wales.

Other Directorships: Garth holds directorships in multiple businesses including Sport:80 Limited, GT Corporate Limited and GT Corporate AB.

Simon Chisholm

Non-Executive Director

Appointed to Board: April 2020

Independent: Yes

Committees: Chairman of Audit Committee; Chairman of the AIM and MAR Compliance Committee; Chairman of the Remuneration Committee; Chairman of the Nominations Committee

Background: Simon is currently the Head of Equity Capital markets at Redburn (Europe), a subsidiary of Rotshchild & Co. Previously he was the founder and managing director of Feros Advisers spending over 20 years working in the investment arena including as a fund manager with Henderson. In 2013, Simon established Feros Advisers in response to the significant regulatory and technological changes that were impacting investment managers and quoted companies. Simon joined Berenberg in 2003 and established an office for them in London. Over the next 10 years Simon was one of the principal architects in building the business from 3 people in London to around 140 and establishing the bank as a recognised brand name in the global investment community. Before joining the sell-side, Simon was a fund manager investing in European equities first at Singer & Friedlander and then at Henderson Global Investors and ran European Smaller Companies investment products. After University Simon joined Coopers and Lybrand and qualified as a Chartered Accountant.

Other Directorships: Simon is currently an active director at Feros Advisers Ltd and Whitefoord Ltd.

Jacques Emsens

Non-Executive Director

Appointed to Board: April 2020

Independent: Yes

Committees: Member of the Audit Committee

Background: Jacques is a founding member of JPSeven and is a member of the Board of Sofina, and numerous other companies. Jacques has a long history in defining and implementing strategies of industrial businesses including Sibelco. Jacques holds a degree in Business Administration from the European University of Antwerp, from the Université Libre de Bruxelles and from the London Chamber of Commerce and Industry and speaks French, Dutch and English.

Other Directorships: Jacques holds directorships in multiple businesses including JPSeven, Sofina, Le Pain Quotidien.

Tim Hall

Non-Executive Director

Appointed to Board: April 2019

Independent: Yes

Committees: Member of the Safety Committee, Member of the Remuneration Committee

Background: Tim has spent his entire career in the aggregates industry, most recently as CEO of Breedon South, a business he helped build from inception and from which he retired in August 2017. Prior to this he was director of Tarmac Limited's Western Area; managing director of Tarmac Western Limited, the company formed by Anglo American from the former assets of Nash Rocks, Tilcon and Tarmac. He spent the previous 27 years with Nash Rocks, latterly as managing director. Tim brings a wealth of experience and knowledge of the industry to the Board and will be an asset in SigmaRoc's continued development, as he has been with Breedon. Tim's knowledge and network within the industry supports SigmaRoc's growth in the aggregates and construction materials market in the UK.

Other Directorships: Tim holds directorships in multiple businesses including Langsun Developments Limited and T G Concrete Bridgnorth Limited.

Axelle Henry

Non-Executive Director

Appointed to Board: March 2022

Independent: Yes

Committees: AIM and MAR Compliance Committee

Background: Axelle has served as Chief Financial Officer for Verlinvest Group, a Brussels-based international investment business, since April 2014 and also serves on the board of directors for a number of their private companies, as well as Nasdaq quoted Vita Coco. She has held a variety of senior executive positions, including as Deputy Chief Financial Officer of Groupe Bruxelles Lambert. Ms Henry has over 20 years' experience in the Private Equity and Investment Sector, starting her career with KPMG as senior auditor. She holds degrees in commercial engineering from the Solvay Business School.

Other Directorships: Axelle holds directorships in multiple businesses including Verlinvest, Cofintra SA, Beverage Holdco Inc. and STAK Armonea.

Corporate Governance report

The Directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board has decided to comply with the QCA Code. In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. Garth Palmer, in his capacity as CFO, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are followed and applied within the Company as a whole.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its Shareholders and that Shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The key governance related matters that occurred during the financial year ended 31 December 2022 were:

1. Appointment of Axelle Henry as Independent NED.
2. Appointment of Julie Kuenzel as Company Secretary, charged with overseeing Group wide compliance and reporting to the Board.
3. Adoption of Competition Compliance and Diversity & Inclusion policies.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One

Establish a strategy and business model which promote long-term value for shareholders

Strategy and purpose: The Company invests in and acquires businesses in the construction materials sector. The principal activity of the Group is the production of high quality aggregates and supply of value-added construction materials.

The Group's aim is to create value for shareholders through the successful execution of its buy and build strategy in the construction materials sector.

Business model: The Group's business plan is to acquire high quality and well managed assets in the construction materials sector, providing the Group with a strong operating platform, diversified income streams and stable cash flows in order to grow the Group and execute on its strategy further.

The Group is run as a commercially-minded business, seeking to return an increase on investment capital to Shareholders. Proven methods of raising capital through recognised means available to publicly-listed companies are relied on to fund growth acquisitions. Following each acquisition, the Group seeks to implement operational efficiencies that improve safety, enhance productivity, increase profitability and ultimately create value for Shareholders.

Principle Two

Seek to understand and meet shareholder needs and expectations

Shareholder dialogue: The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about the Company, and in turn, helping these audiences understand the Company's business, is a key part of driving the business forward and the Company actively seeks dialogue with the market. The Company does so via investor roadshows, attending investor conferences, hosting capital markets days and through regular reporting.

Private Shareholders: The AGM is the main forum for dialogue between retail Shareholders and the Company. The Directors routinely attend the AGM and are available to answer questions raised by Shareholders. The results of the AGM are subsequently published on the Company's corporate website. Private Shareholder events are held periodically, such as the private retail event held at the Isokon Gallery in October 2022.

Institutional Shareholders: The Company actively seeks to build relationships with institutional Shareholders through calls, presentations, and visits. Shareholder relations are managed primarily by the CEO, but the Executive Chairman and Senior Independent Non-Executive Director are also available to meet with major shareholders to discuss issues of importance.

Principle Three

Take into account wider stakeholder and social responsibilities and their implications for long-term success

Engagement: Engaging with stakeholders strengthens relationships and helps make better business decisions to deliver on commitments. The Company is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and the Group's business, and to enable the Board to understand and consider these issues in decision-making. With Shareholders, suppliers and customers, employees are one of the most important stakeholder groups and employees' engagement surveys and feedback are closely monitored.

Employees, contractors and suppliers: The Group has established a safe and healthy work environment, which complies with the relevant occupational health & safety laws. The Group ensures that the workforce is provided with sufficient training to develop the appropriate skills and knowledge to complete the tasks requested of them.

For the sake of occupational health & safety, all contractors and sub-contractors are treated in exactly the same manner as employees.

Communities: The Group has supported and given back to the community by participating in a selection of projects in recent years. Further details of the Group's environmental, social and governance related initiatives for the year are detailed in the ESG and Stakeholder Reports included in these Accounts.

Modern slavery: As part of our mission to "do the right thing" we oppose modern slavery in all its forms and work to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay.

Principle Four

Risk Management

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risk register: To assist the Board with effectively managing risk across the Group the Company has established a risk register which is reviewed periodically.

Internal control: The Company has an established framework of internal control, the effectiveness of which is regularly reviewed by executive management, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company and the Group.

The Company recognises that maintaining sound controls and discipline is critical to managing the downside risks to its business plan.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.

The Board presently considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

Principle Five

Maintain the board as a well-functioning, balanced team led by the chair

Board composition: The Board comprises the Executive Chairman, two Executive Directors, and four Non-Executive Directors, all of whom are deemed independent. The Board considers, after careful review, that the Independent Non-Executive Directors bring an independent judgement to bear.

The biographies of the members of the Board can be found on the Company's website (https://sigmaroc.com/investor-relations/board/).

The Board is satisfied that it has a suitable balance between independence and knowledge of the Group and its operations to discharge its duties and responsibilities effectively. The Board receives periodic updates from the management team. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic, operational or financial.

Membership of the Board, its activities, performance and composition are subject to periodic review.

Conflicts of interest: The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to, and, where appropriate, agreed with, the rest of the Board.

	Formal quarterly meetings and meetings	
Director	**Attended**	**Eligible to attend**
Max Vermorken	7	7
David Barrett	6	6
Garth Palmer	7	7
Simon Chisholm	6	6
Jacques Emsens	6	6
Tim Hall	6	6
Axelle Henry	5	5

Principle Six

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Suitability: The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board is satisfied that given its size and stage of development, between the Directors, it has an effective and appropriate balance of skills and experience across technical, commercial and financial disciplines.

The Company complies with the QCA Code and full biographical details of the Directors and their skills and experience can be found on the Company's website: https://sigmaroc.com/investor-relations/board/).

Appointment, removal and re-election: The Nominations Committee makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous, and transparent procedure for appointments.

Independent advice: All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

Corporate Governance report

Principle Seven

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Appraisal: The Chairman assesses the individual contributions of each member of the Board to ensure that their contribution is relevant and effective; they are committed; and where relevant, they have maintained their independence.

An evaluation of the Board will be carried out annually and on a three-yearly cycle. The evaluations may be facilitated by an independent evaluator.

The Remuneration Committee will compare the performance of the Board with the requirements of its charter, the Company vision and KPIs.

Succession planning is considered by the Board as a whole. The Board will annually review and make recommendations relating to talent management and succession planning for the Board and the CEO.

Principle Eight

Promote a corporate culture that is based on ethical values and behaviours

Code of conduct: The Board has adopted a code of conduct which provides a framework for ethical decision-making and actions across the Group. The code of conduct reiterates the Group's commitment to integrity and fair dealing in its business affairs and its duty of care to all employees, contractors and stakeholders.

Each Board member's adherence to the Group's code of conduct is assessed as part of the annual Board review and appraisal.

Anti-corruption and bribery: The Board has adopted an anti-corruption and bribery policy to further ensure honest and ethical conduct of employees. The Company also provides periodic training to employees to ensure they are aware of their responsibilities in relation to bribery and corruption.

The Company has a zero-tolerance approach to bribery and corruption. The Company's General Counsel is responsible for monitoring compliance with and maintaining the anti-corruption and bribery policy.

Principle Nine

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Board programme: The Board is responsible for approving the Company strategy and policies, for safeguarding the assets of the Company, and is the ultimate decision-making body of the Company in all matters except those that are reserved for specific shareholder approval.

The Board meets at least four times each year in accordance with its scheduled meeting calendar and maintains regular dialogue between Board members, in particular between the CEO, the Chairman and the non-executive Board members.

The Board and its Committees receive appropriate and timely information prior to each meeting, with a formal agenda being produced for each meeting, and Board and Committee papers distributed several days before meetings take place.

Roles and responsibilities: There is a clear division of responsibility at the head of the Company between the Chairman and the CEO.

The Board is supported by the Audit, Remuneration, AIM and MAR Compliance and Nominations committees. Each committee has access to such resources, information, and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties.

As the Group grows and develops the Board will periodically review its corporate governance framework to ensure it remains appropriate for the size, complexity, and risk profile of the Group.

Principle Ten

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Communication: The Company attaches great importance to providing shareholders with clear and transparent information on the Company's activities, strategy and financial position through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.

The Company announces significant developments via various outlets including the London Stock Exchange's Regulatory News Service (RNS).

The Company made its policies and the terms of reference for its committees available on its website.

The Board receives regular updates on the views of shareholders through briefings and reports from the CEO and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

Audit Committee report

Audit Committee report

The Company has an established framework of internal control, the effectiveness of which is regularly reviewed by the Audit Committee in light of an ongoing assessment of significant risks facing the Company and the Group. The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.

Key activities carried out in 2022

During the year, the Committee met formally two times and discussed the following:

- External audit tender process
- Audit planning
- Auditor's fees and independence
- Auditor's effectiveness
- Interim report and annual report
- Internal audit
- Internal controls and risk management
- Taxation
- Going concern and viability statement
- Significant accounting matters
- Plans for transition to new accounting standards
- Whistleblowing
- The Audit Committee's terms of reference

Meeting Attendance

The Committee is made up of Independent Non-Executive Directors and shall meet not less than twice in each financial year. Due to logistical reasons, the Committee delayed its second meeting in 2022, scheduled for December 2022, to January 2023. That meeting was held on 13 January 2023.

Director	Meetings Attended	Eligible to attend
Simon Chisholm	1	1
Jacques Emsens	1	1

Committee Duties

The Audit Committee carries out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate:

- Monitor integrity of the financial statements and financial performance;
- Review financial statements, significant financial returns to regulators and any financial information of a sensitive nature;
- Review and challenge internal financial controls and risk management systems including the review of matters of a non-financial nature;
- Review and challenge accounting policies, accounting methods and adherence to accounting standards;
- Review and make recommendation with regards to the external auditor, including appointment, independence, objectivity, effectiveness, performance and remuneration;
- Consults with the external auditor on the scope of their work and reviews all major points arising from the audit;
- Ensure fully functional whistleblowing policy.

Chair Statement

The Audit Committee was chaired by myself and comprises of Jacques Emsens as the other member. The Committee has relevant financial experience at a senior level as set out in their biographies. The Audit Committee met once formally in 2022 and also held informal discussions with the external auditor as appropriate. The principal activities of the Audit Committee in respect of the year ended 31 December 2022, and the manner in which it discharged its responsibilities, were as follows:

Financial Statements

The Audit Committee reviewed and agreed the external auditor's strategy and approach in advance of their audit for the year ended 31 December 2022, and reviewed reports on the outcome of the audit. The Audit Committee also reviewed the 2022 Preliminary Results Announcement, the 2022 Annual Report, the 2022 Interim Results Announcement and the 2022 Interim Report.

Significant Accounting Matters

During the year, the Audit Committee considered key accounting issues, judgements and disclosures in relation to the Financial Statements. The most significant of these was the risk of the value of inventory, the carrying value of investments and the value of goodwill at a Group level. The Audit Committee also received communications from management and the external auditor on a number of other accounting matters, including the valuation of mineral reserves and resources, revenue recognition and restoration provisions.

Audit Committee report

Going Concern and Viability

The Audit Committee reviews supporting papers from management to support the Going Concern and Viability statements set out on page 145. This includes sensitivity analysis over key assumptions. Following this review, the Audit Committee recommended to the Board the approval of both statements.

External Auditor

The external auditor, PKF, attends meetings of the Audit Committee. The Audit Committee has the opportunity to meet with the external auditor without the executive directors being present to provide a forum to raise any matters of concern in confidence and together discusses and agrees the scope of the audit plan for the full year. The external auditor reports on the control environment in the Group, key accounting matters and mandatory communications. The Audit Committee also receives and reviews a report from the external auditor setting out to its satisfaction how its independence and objectivity is safeguarded when providing non-audit services. The value of non-audit services provided by PKF in respect of the year ending 31 December 2022 amounted to £116,750 for due diligence and transactional services (2021: £325,000, principally in respect of tax services and due diligence and transactional services). During the year there were no circumstances where PKF was engaged to provide services prohibited by the FRC's 2019 ethical standard or which might have led to a conflict of interest.

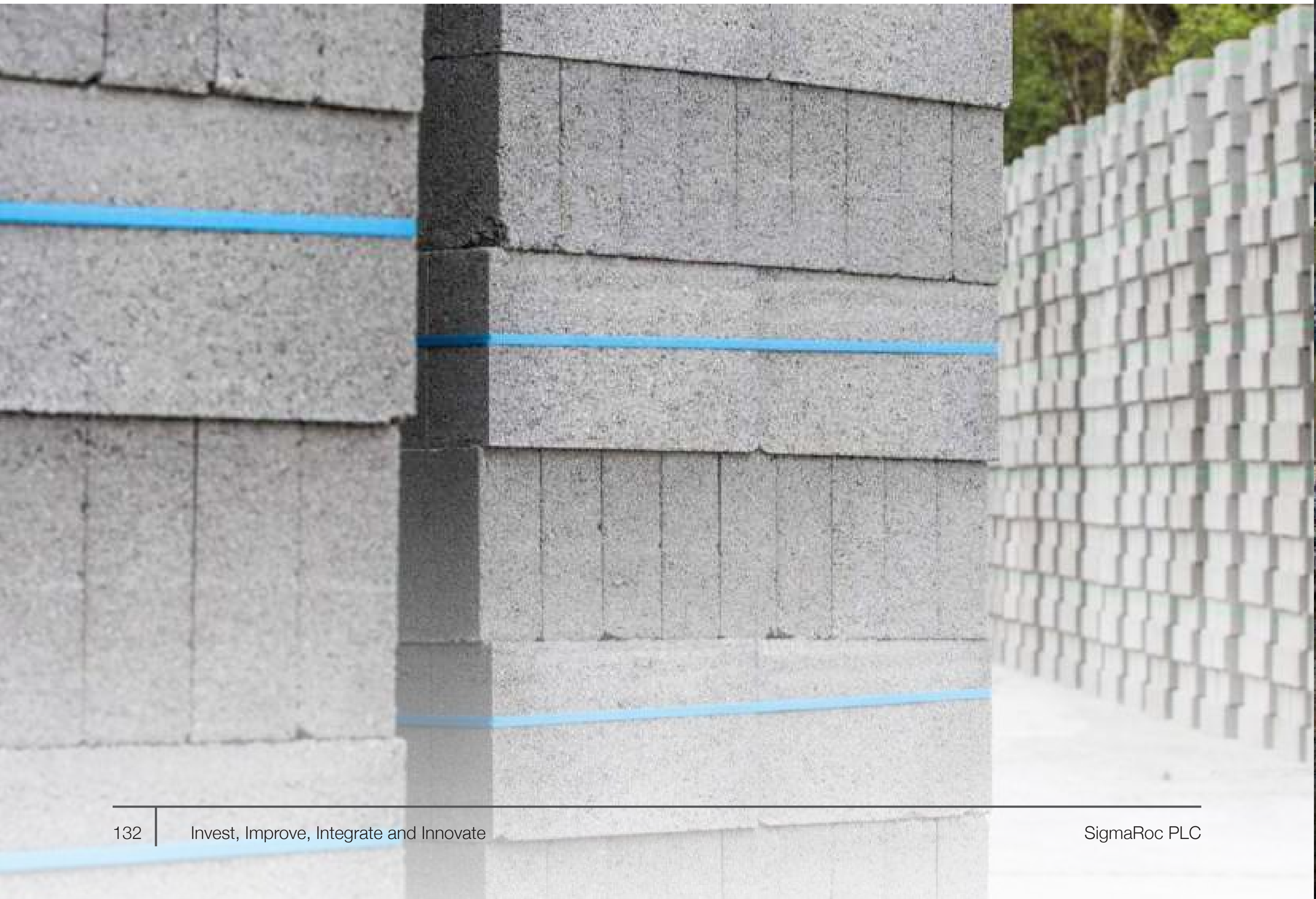
The Audit Committee continues to be satisfied with the work of PKF and that they continue to remain objective and independent. Zahir Khaki is serving his second year as Audit partner.

Internal Audit

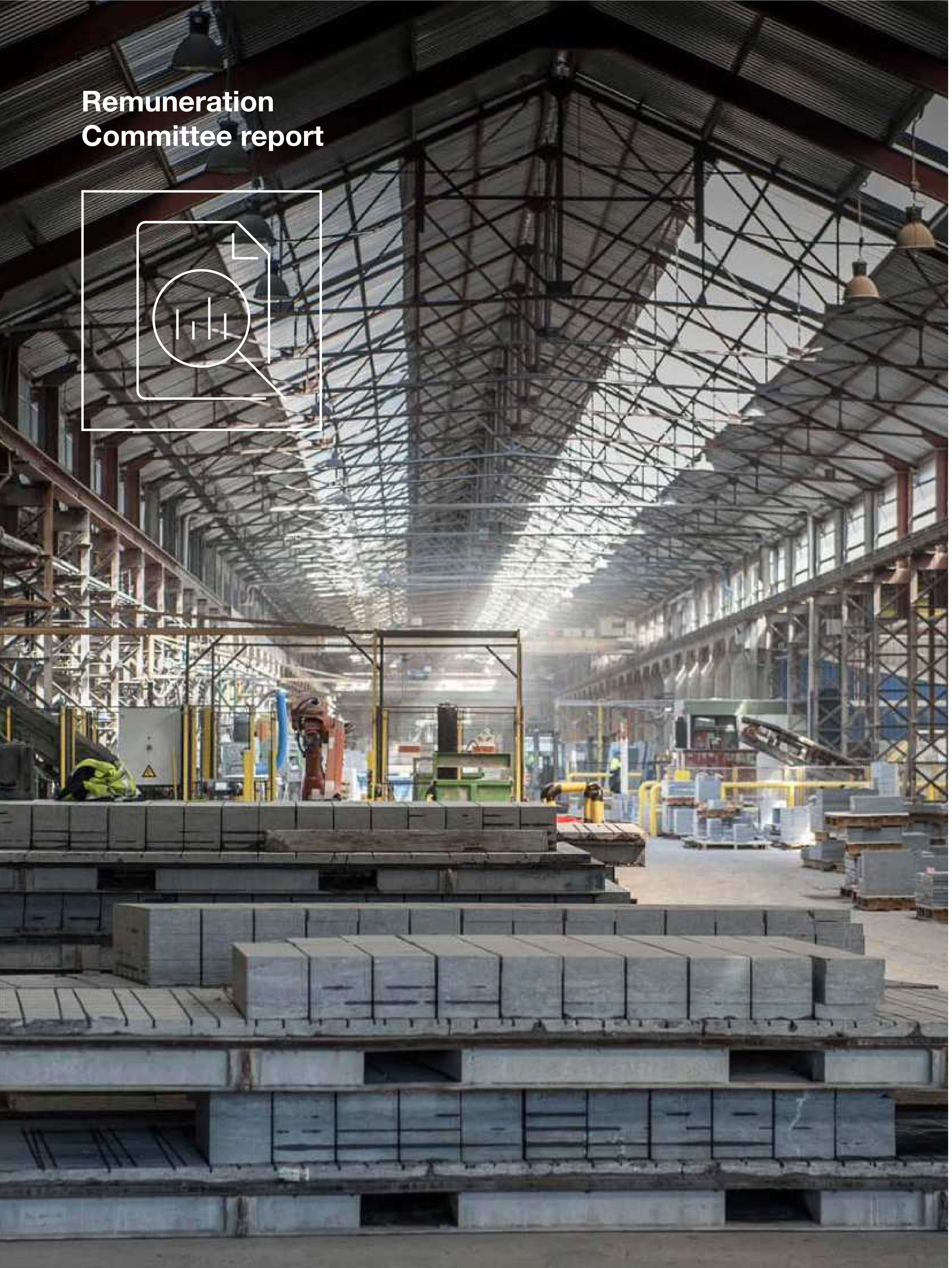
The Group does not have a formal internal audit function, the CFO performs a number of activities that an internal audit function would perform. The Audit Committee receive regular formal updates covering planned activities, findings of reviews performed and updates on agreed actions from previous reviews. The Audit Committee considers this is appropriate given the close involvement of the executive directors and senior management on a day-to-day basis. However, the need for an internal audit function will be kept under review by the Audit Committee on behalf of the Board.

This report was approved by the Board on 25 March 2023.

Simon Chisholm
Non-Executive Director
25 March 2023



Remuneration Committee report



Remuneration Committee report

The Remuneration Committee has been charged by the Board to ensure that the Group's pay and benefits practices are competitive, able to attract high calibre people and to ensure those people are suitably incentivised to perform and remain with the Group over the long term.

The Board is ultimately responsible for the Group's remuneration policy. The role of the Remuneration Committee is to determine the terms of employment for the executive directors and senior management of the Group within the framework established by the Board.

I chaired the Remuneration Committee throughout the year and my co-member Jacques Emsens was replaced by Tim Hall on 13 December 2022.

Key activities carried out in 2022

During the year, the Remuneration Committee met formally once and discussed the following:

- Executive remuneration
- Annual bonuses
- Pay and benefit levels across the Group
- Remuneration review and shareholder consultation
- Long term incentives
- The Remuneration Committee report
- Review of the Committee's terms of reference

Meeting attendance

Director	Meetings Attended	Eligible to attend
Simon Chisholm	1	1
Jacques Emsens[1]	-	-
Tim Hall[2]	1	1

[1] Resigned from the Committee on 13 December 2022
[2] Appointed to the Committee on 13 December 2022

Committee duties

The Remuneration Committee is responsible for:

- Determining and agreeing with the Board the framework or broad policy for the remuneration of the executive officers and other senior managers;
- Taking into account all factors which it deems necessary including the level of the Company's remuneration relative to other companies to ensure that members of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company; and
- Determining each year whether awards will be made, and if so, the overall amounts of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used.

Chair statement

I am pleased to present the Remuneration Committee report for the year ended 31 December 2022 and can confirm that all aspects of executive remuneration are in order.

We undertook a comprehensive review of our remuneration policy in 2021, which included advice from advisers and consultation with certain Shareholders, to ensure it was appropriate given SigmaRoc's growth to date combined with the future growth and development ambition of the Group. The focus of 2022 has been on implementing the policy and ensuring pay outcomes fairly reflect the performance of the Group and take into consideration external macroeconomic conditions.

This report comprises three sections: this Annual Statement, the Policy Report which summarises our current remuneration policy, and the Annual Report on Remuneration which sets out the amounts earned by Directors in 2022, and how we propose to apply the policy in the future.

At the 2023 AGM, Shareholders will have the opportunity to vote on the Directors' Remuneration Report and we look forward to your continued support.

Remuneration Committee report

2022 business performance

2022 was another busy, challenging, and very successful year for the Group. The Group was able to successfully deal with a union strike at one of its largest customers, the impacts from the military action against Ukraine and an inflationary macro-economic environment.

From a purely financial perspective, in 2022, the Group delivered revenue of £538.0 million, Underlying EBITDA of £101.7 million, Underlying profit before tax of £62.7 million and Underlying EPS of 8.0p. This is an increase YoY to Underlying EPS of approximately 50% and exceeded the initial market consensus estimate of 7.0p by 14%, an exceptional achievement. The Group also had strong cash generation, closing the year with £68.6 million which kept Adjusted Leverage Ratio within our long term target range at 1.93x.

The Group also maintained its excellent health & safety standards, made further acquisitions in the UK and Spain, and entered into strategic partnerships with ArcelorMittal and Aqualung while continuing development and adoption of Greenbloc and other cement-free solutions.

2022 remuneration outcomes

In 2021 the Committee undertook a complete review of our remuneration policy in conjunction with our advisers, and in consultation with certain Shareholders, to ensure it is appropriate given SigmaRoc's growth to date combined with the future growth and development ambition of the Group. A key outcome of the review, and which was specifically directed by input from Shareholders, was to measure executive director bonuses based on EPS, rather than EBITDA, as it currently provides a more complete assessment of the Group's financial performance.

As a result, the 2022 annual bonus was primarily based on Underlying EPS with additional performance conditions pertaining to corporate objectives – this year focussing on the Group's leverage and sustainability.

The 2022 Underlying EPS targets were set in early 2022, following confirmation of market consensus estimates, and the maximum target set required an out performance relative to market expectations of 10% or more. At the outset of 2022 the market consensus estimates for the Group's full year EPS was 7p, therefore the maximum target was 7.7p. As noted in the 2022 business performance review, the Group performed very strongly despite numerous challenges, achieving Underlying EPS of 8.0p, being 4% ahead of the maximum target set and this measure, applying to 75% of the overall bonus, was therefore achieved in full.

The remaining 25% of the overall bonus pertained to corporate objectives and this year was focused on:

a. delivering a net-zero roadmap and maiden ESG report, which the Company duly published in April 2022; and

b. following the acquisition of Johnston, which pushed the Group above its 2.0x self-imposed leverage target, to end the year with an Adjusted Leverage Ratio of 2.0x or below, and which was likewise achieved with the Group reporting an Adjusted Leverage Ratio of 1.93x.

The 25% of the overall bonus pertaining to corporate objectives was therefore achieved in full in 2022.

The Committee carefully considered whether the annual bonus outcome reflects the underlying performance of the business, as well as the experience of Shareholders and other stakeholders during the year and whether any discretion should be exercised. In doing so, the Committee specifically considered health & safety performance of the Group, factored in broader financial performance (revenue, EBITDA, EBITDA margins, free cash flow, CapEx and ROIC) and overall delivery of strategy. The Committee was satisfied that the bonus outcome was fair, and no discretion was exercised.

2023 policy application

For 2023, the Committee will implement the policy established in 2021 as follows:

- Review of executive director salaries to ensure they remain commensurate, taking into consideration the inflationary macroeconomic environment in 2022 and its evolution in 2023, and the fact that the executive directors did not receive any adjustments to their salaries in 2022.
- No change to benefits or pension arrangements.
- The annual bonus opportunity will continue to be 125% of salary for executive directors and be based at 75% of Underlying EPS and 25% for corporate objectives, with suitable safety standards being maintained as an override.
- Assessment of the performance measures to determine vesting of the initial PSP awards granted in October 2021.

Shareholders' and employee's views

We are very grateful for the views received from major Shareholders and seek to engage with Shareholders on a continuous basis on remuneration matters. I can be contacted via the Company Secretary should you have any questions on this report or more generally in relation to the Group's approach to remuneration.

While SigmaRoc applies the QCA Code, the Board considers the principles and provisions in the UK Corporate Governance Code. Under the main code, companies are required to establish a mechanism for gathering the views of the workforce on all matters, including pay. The Board has considered carefully the most effective way of achieving this and has appointed its General Counsel, Anthony Brockbank, as the Group's workforce representative, reporting to the Board on all workforce engagement matters.

Remuneration at a glance

The key elements of executive directors' remuneration packages and our approach to implementation in 2023 are summarised opposite:

		2021	2022
Fixed pay	Salary (annual base)	– Chairman £375,000 – CEO £475,000 – CFO £375,000	– no change
	Pension	– 10% of salary	– no change
	Benefits	– includes private medical and car allowance	– no change
Annual bonus	Maximum opportunity	– 125% of salary	– no change
	Performance measures	– 75% Underlying EPS – 25% corporate objectives – Safety overrides entire bonus outcome – Committee has absolute discretion to adjust bonus outcome	– no change
Share based incentives	Award level	– Chairman initial grant of 4,688,460 options – CEO initial grant of 11,221,560 options – CFO initial grant of 3,919,860 options – Vest over 3 years following award	– no change
	Performance measures	– 75% Underlying EPS in FY23, pro-rata from 6p (0%) up to 8p (100%) – 25% relative TSR over 3 year period (against AIM 100 Index)	– majority Shareholder support to consider FY22 performance when evaluating EPS
Shareholding guidelines	In employment	– none	– 75% of salary

Remuneration outcomes for 2022

Summary of incentive outcomes

Annual bonus	Weighting	% of maximum achieved	% of bonus achieved
Underlying EPS	75%	100%	75%
Corporate objectives	25%	100%	25%
Safety	Overarching	n/a	n/a

Overall, bonuses of 125% of salary became payable to executive directors.

Policy Report

Performance measured benefits

Remuneration performance measures are selected to align with the Group's key performance indicators and the interests of Shareholders. Performance targets are set so that they are stretching to achieve maximum pay-out but also ensure excessive risk exposure is mitigated. The Remuneration Committee sets targets that are aligned with the Company's strategy as well as both external expectations and the economic environment.

If there are changing circumstances, such as material acquisitions or changes in market conditions, the Committee retains the ability to adjust or amend performance measures and targets to ensure that they are relevant and to ensure they still incentivise whilst minimising excessive risk exposure.

Base salary

Our objective is to provide a competitive base salary reflective of the skills and experience of the relevant individual. These are reviewed annually or on a significant change of responsibilities or change in market practice or a change in the size or complexity of the business. The Remuneration Committee also takes into account external market data and pay and employment conditions elsewhere in the Group and industry when considering increases to base salary levels. There are no performance criteria associated with receiving this benefit.

Annual cash bonus

To incentivise the delivery of annual financial, strategic and safety objectives, executive directors and senior management may participate in the annual bonus scheme. The Remuneration Committee sets performance measures and

Remuneration Committee report

targets at the start of the financial year, or later if appropriate, and based on the performance, bonuses are paid in cash shortly after the completion of the audit of the annual results.

The executives' annual bonus arrangements are focused on the achievement of the Company's short- and medium-term financial objectives, with financial measures selected to closely align the performance of the executive directors with the strategy of the business and with shareholder value creation. Where non-financial objectives are set, these are chosen to support the delivery of the longer-term strategic milestones and which link to those KPIs of most relevance to each director's individual responsibilities.

For executive directors, the maximum opportunity is 125% of salary. This level of incentive opportunity reflects the Committee's desire to retain a high proportion of remuneration on variable pay (which is not pensionable).

Financial measures will normally determine the majority or all of the bonus opportunity and the balance may be based on non-financial, strategic, personal and/or ESG-related objectives. Where possible, a graduated scale of targets is normally set for financial measures, with no pay-out for performance below a threshold level of performance.

Any payment is discretionary and will be subject to the achievement of stretching performance targets and annual bonus may be reduced or eliminated if safety performance or accident records deteriorate or reach unacceptable levels.

Performance Share Plan

In conjunction with the acquisition of Nordkalk in August 2021, a Performance Share Plan was proposed to drive performance of the Group and delivery of the Group's long-term objectives, aid retention of key personnel and align directors' interests with those of Shareholders.

The PSP, together with any other share incentive plan(s), is limited to no more than 10% of the issued ordinary share capital of the Company over a ten-calendar year period.

The initial awards under the Performance Share Plan (referend to henceforth as LTIP) were made to the executive directors and certain senior management, with the allocations determined by the Remuneration Committee. The LTIP is subject to meeting EPS growth and TSR criteria, with the first vesting attainable following the financial year ended 31 December 2023.

The EPS measure is based on growth in Underlying EPS over the performance period. The target range is a sliding scale set at the time of award, taking account of internal and external forecasts, to encourage continuous improvement and incentivise the delivery of stretch performance.

The TSR measure takes the total return received by the Group's Shareholders in terms of share price growth over a three-year period and compares it with the total returns received by shareholders in companies within a predetermined and appropriate comparator group. The Remuneration Committee's intention is to reward only TSR performance which outperforms the comparator group.

Subsequent awards may be granted by the Remuneration Committee within six weeks following the Company's announcement of its financial results for any annual or six month period. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards (for example, in the case of recruitment).

An employee may not receive such subsequent awards in any financial year in respect of Ordinary Shares having a market value in excess of 150% of their annual base salary in that financial year.

As a general rule, an award will lapse upon a participant's termination of employment within the Group, with certain exceptions permissible solely at the discretion of the Remuneration Committee (death, injury, ill-health, redundancy etc).

The Performance Share Plan and the LTIP awards were approved by Shareholders at a general meeting of the Company on 2 August 2021.

Pension

Pensions are provided to aid recruitment and retention by allowing the executive directors to make provision for long-term retirement benefits. These are comparable with similar roles in similar companies. Executive directors are currently entitled to receive 10% of their base salary. There are no performance criteria associated with receiving this benefit.

Other benefits

The Group also provides competitive and cost-effective benefits that may include private medical insurance, car allowance, employee benefits insurance and the reimbursement of certain travel costs. There are no performance criteria associated with receiving these benefits.

All our UK employees, over 500, have been offered both private medical insurance and group life assurance. Our benefits provider commented that the uptake of this offering from our employees was unprecedented, with many adding family members.

SigmaRoc has also engaged Link Group to set up a share incentive plan for all UK employees, an offering we already have in the Channel Islands. Under the terms of the SIP, each eligible employee can contribute from salary to purchase Ordinary Shares. We are continuing to investigate share plans for our European operations.

Non-Executive Directors

Non-executive directors each receive a market rate basic fee, subject to time commitment requirements, for holding the office of non-executive director which is set by the Board as a whole.

Non-executive directors do not participate in any incentive scheme, share scheme or pension arrangement (except for minimum statutory requirements), but may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate.

Service agreements / letters of appointment of Directors and loss of office

Each of the directors has a service agreement or letter of appointment with the Company as follows:

Director	Date joined	Notice Director	Notice Company
David Barrett	22 August 2016	12 months	12 months
Max Vermorken	22 August 2016	12 months	12 months
Garth Palmer	5 January 2017	6 months	6 months
Tim Hall	18 April 2019	6 months	6 months
Simon Chisholm	20 April 2020	6 months	6 months
Jacques Emsens	20 April 2020	6 months	6 months
Axelle Henry	26 April 2022	6 months	6 months

When it comes to payments and loss of office, the Board will always look to act in the Shareholders' interest.

Notice periods and payments in lieu of notice

The maximum notice period for executive directors is 12 months, however the Committee retains the right to terminate an executive director's service agreement by making a payment in lieu of notice. The payment will include salary, cost of benefits and loss of pension provision for the notice period (or the unexpired portion of it).

Annual bonus

The payment of a bonus for the year in which the executive director leaves is determined by the Remuneration Committee, taking into consideration their contribution up to the leaving date and normal pro-rating for time in service during the year.

Other payments

In appropriate circumstances, other payments may also be made, such as in respect of accrued holiday and outplacement and legal fees.

Recruitment policy

The Remuneration Committee will seek to ensure that when appointing a new executive director, their remuneration arrangements are in the best interests of the Company, and not more than is appropriate. The Committee will determine a new executive director's remuneration package in line with the policy set out above, however discretionary awards may be made in appropriate circumstances, such as:

- An interim appointment to fill a role on a short-term basis;
- Provide relocation, travel and subsistence payments;
- Reflect remuneration arrangements provided by a previous employer; and
- Reimbursement of costs incurred as a consequence of resigning from their previous employment.

External appointments for executive directors

The Company recognises that its executive directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden a director's experience and knowledge which can benefit SigmaRoc. Subject to approval by the Board, executive directors are allowed to accept non-executive appointments, provided that these appointments are not likely to lead to conflicts of interest, and the Committee will consider its approach to the treatment of any fees received by executive directors in respect of non-executive roles as they arise.

Consideration of Shareholders' views

The Committee is committed to an ongoing dialogue with Shareholders and welcomes feedback on directors' remuneration. The Committee seeks to engage directly with major Shareholders and their representative bodies on changes to the policy. The Committee will also consider Shareholder feedback received in relation to the remuneration-related resolution to be put forward at this year's AGM. This, together with any additional feedback received from time to time (including any updates to Shareholders' remuneration guidelines), is then considered as part of the Committee's annual review of remuneration policy and its implementation.

In its 2021 review of executive remuneration the Committee conducted a comprehensive consultation exercise which elicited feedback from the Company's largest Shareholders. The Committee was very grateful for the views received. The feedback, which was largely positive, was used constructively to shape our remuneration arrangements.

Consideration of employment conditions across the Group

The Committee closely monitors the pay and conditions of the wider workforce, and the design of the directors' remuneration policy is informed by the policy for employees across the Group.

While employees are not formally consulted on the design of the directors' remuneration policy, the Board will receive views through our designated workforce representative on a variety of areas including pay.

Differences in pay policy for executive directors compared to employees

As for the executive directors, general practice across the Group is to recruit employees at competitive market levels of remuneration, incentives, and benefits to attract and retain employees, accounting for national and regional talent pools. When considering salary increases for directors, the Committee considers salary increases and pay and employment conditions across the wider workforce. The pension contribution for executive directors is consistent with that for the general workforce. Senior employees can earn annual bonuses for delivering exceptional performance, with corporate performance measures aligned to those set for the executive directors. All UK based employees, including the executive directors, have the opportunity to participate in the tax-approved share incentive plans.

There are some differences in the structure of the remuneration policy for the executive directors compared to that for other employees within the organisation, which the Committee believes are necessary to reflect the differing levels of seniority and responsibility. At senior levels, remuneration is increasingly long-term, and 'at risk' with an increased emphasis on performance-related pay and share-based remuneration. This ensures the remuneration of the executives is aligned with both the long-term performance of the Company and the interests of Shareholders.

Remuneration Committee report

Annual Report on remuneration

The remuneration of the executive directors for the year ended 31 December 2022 was as shown in the table below:

	31 December 2022					
	Directors' fees £'000	Bonus £'000	Taxable benefits £'000	Pension benefits £'000	Options issued (2) £'000	Total £'000
Executive Directors						
David Barrett	375	469	15	-	-	859
Max Vermorken	475	594	15	60	-	1,144
Garth Palmer	375	469	15	40	-	899
	1,225	**1,532**	**45**	**100**	**-**	**2,902**

The remuneration of the executive directors for the year ended 31 December 2021 was as shown in the table below:

	Directors' fees £'000	Bonus £'000	Taxable benefits £'000	Pension benefits £'000	Options issued[2] £'000	Total £'000
Executive Directors						
David Barrett	358	469	14	-	61	902
Dean Masefield[1]	120	-	6	8	-	134
Max Vermorken	456	594	14	30	129	1,223
Garth Palmer	151	180	5	13	52	401
	1,085	**1,243**	**39**	**51**	**242**	**2,660**

[1] Dean Masefield was CFO until 31 August 2021 when he stepped down from his Board position and became the Deputy CFO of the Group. Garth Palmer transitioned from Non-Executive Director to Executive Director and CFO of the Group on this date.
[2] Options issued relate to options granted in the 2019 financial year and vesting in the 2021 financial year.

Annual bonus for 2022

The annual bonus opportunity for each executive director was 125% of base salary (pro-rated for service). The 2022 annual bonus was based on the achievement of stretching Underlying EPS targets for 75% with the remaining 25% based on corporate objectives.

Underlying EPS (75% of the total bonus)

Threshold level of Underlying EPS	Maximum level of Underlying EPS	Actual level of Underlying EPS	Bonus earned (percentage of max)
7.0p	7.7p	8.0p	100.0%

Reflecting the strong financial performance of the Group in a challenging year, the earnings outcome for the year was ahead of the maximum EPS target of 7.7p. As a result, the EPS measure was achieved in full. Based on a bonus opportunity of 125% of base salary, and a 75% weighting against the EPS condition, performance against this measure delivered a bonus outcome of 93.75% of base salary.

Corporate objectives (25% of the total bonus)

The following corporate objectives were set for the executive directors at the outset of 2022:

a. delivering a net-zero roadmap and maiden ESG report, which the Company duly published in April 2022; and

b. following the acquisition of Johnston, which pushed the Group above its 2.0x self-imposed leverage target, to end the year with an Adjusted Leverage Ratio of 2.0x or below, and which was likewise achieved with the Group reported an Adjusted Leverage Ratio of 1.93x

The 25% of the overall bonus pertaining to corporate objectives was therefore achieved in full in 2022.

Overall, the bonus outcome for the year, taking into account financial performance and the delivery of corporate objectives, was 100% of the maximum.

The overall bonus for the period in service as a director was as follows:

David Barrett – 125% of base salary
Max Vermorken – 125% of base salary
Garth Palmer – 125% of base salary

The Remuneration Committee believes these outcomes fairly reflect the performance of the business over the 2022 financial year.

Performance Share Plan

The LTIP was granted under the PSP in October 2021, with awards vesting subject to a performance condition based on Underlying EPS growth for the year ending 31 December 2023 and TSR over a three year period relative to the AIM 100 index.

The Remuneration Committee met to consider the performance of the executive management team in relation to the performance conditions set within the LTIP and to assess progress in the year 2022. The Committee has concluded that the management team has delivered above expected performance in relation to the EPS performance condition as defined in the LTIP. Additionally, the Committee notes that the management team has outperformed against expectations on other long term financial and operational targets, as announced with the Nordkalk acquisition. These conclusions are based on the following considerations:

– Underlying EPS of 8.03p, up from 5.4p per share in 2021 and 4.5p per share in 2020;

– Adjusted Leverage Ratio below 2x EBITDA;

– Underlying EBITDA margin of 19% and Net Margin of 22%, both up on the prior year;

– CCR of 85%, up on the prior year and on target to reach 95% in the mid-term; and

– ROIC of 11%, up from 8% in 2021 and on track to reach the 15% mid-term target, absent of further acquisition work.

The Remuneration Committee considered the conditions under which these targets were achieved and noted the following exceptional circumstances:

– Severe national strike of the paper industry in Finland, lasting over four months, shutting down all paper production in the country, and directly impacting one of the major revenue streams of the Group with a net negative impact of over £4 million EBITDA.

– Breakdown of customer production facilities through catastrophic failure, shutting down one key customer.

– Invasion of Ukraine by Russia, leading to:

  - loss of both Russian and Ukrainian exports and loss of Russian subsidiary; and

  - unprecedented energy crisis and fuel availability crisis across the footprint of the business.

– Unprecedented inflationary pressures, over 20% in certain countries of operations, leading to customer capacity shutdowns and production stops.

– Availability issues with respect to spare parts and components due to supply chain issues globally.

– Sharp rise in interest rates across the operational region in the face of the aforementioned inflationary pressures.

Irrespective of these challenges the executive management team was able to exceed the Underlying EPS performance condition set under the LTIP, reaching 8.03p for the year 2022. As a result of this performance, and given none of the conditions listed above were expected when the LTIP was proposed, the Remuneration Committee considers the EPS performance condition of the LTIP as satisfied for the year ended 31 December 2022. The Remuneration Committee reserves its discretion to review this decision prior to any vesting of awards and will take into consideration the performance of the Group for the year ending 31 December 2023.

Prior to reaching this conclusion, the Remuneration Committee undertook a process of Shareholder consultation and received broad support.

No PSP awards were granted in 2022.

Share Incentive Plan

During 2022, the SIP trustee purchased (using the cash contributions made by employees) a total of 104,302 Ordinary Shares at an average price of 65 pence per share. Of these, the CEO and CTO purchased a total of 1,384 Ordinary Shares at an average price of 88 pence per share.

Beneficial interests

Beneficial interests of directors, their families and trusts in ordinary shares of the Company at 31 December 2022 were:

	Ordinary Shares	Vested options	Unvested options	Ordinary Shares as % of salary	Holding guideline met?
David Barrett	3,053,439	5,638,674	4,688,460	453%	Yes
Max Vermorken	759,231	11,807,349	11,221,560	89%	Yes
Garth Palmer	616,146	3,326,014	3,919,860	91%	Yes
Tim Hall	400,176	750,000	-	n/a	n/a
Simon Chisholm	-	-	-	n/a	n/a
Jacques Emsens	-	-	-	n/a	n/a
Axelle Henry	-	-	-	n/a	n/a

During the year the Committee introduced a new minimum shareholding guideline for executive directors, whereby they are expected to build and maintain a shareholding equivalent to 75% of their base salary. Current holdings of Ordinary Shares by the executive directors represent cash investments made by them into the Company and no Ordinary Shares that they currently hold have been granted to them by the Company in connection with their employment. When that changes the Committee will reassess the minimum shareholding guideline and revise accordingly.

Remuneration Committee report

CEO remuneration

The total remuneration figures, including annual bonus and vested PSP awards (shown as a percentage of the maximum that could have been achieved) for the CEO for each of the last five financial years are shown in the table below.

Year	CEO	CEO total remuneration £ '000	Annual bonus pay-out against maximum opportunity %	PSP vesting rates %
2022	Max Vermorken	1,148	100.0	n/a
2021	Max Vermorken	1,223	100.0	n/a
2020	Max Vermorken	938	77.0[1]	n/a
2019	Max Vermorken	689	100.0	n/a
2018	Max Vermorken	289	0.0[2]	n/a

[1] Entitled to 100% but voluntarily offered to reduce due to COVID pandemic while achieving Group targets set prior to COVID pandemic.
[2] Management opted to defer any bonus discussions for the years 2016, 2017, 2018 while achieving all targets.

Implementation of policy in 2023

Base salaries

Current base salaries for executive directors were established as part of the Committee review in 2021.

The Committee carefully considered base salaries for executive directors during 2022. Despite the high levels of inflation seen throughout the year, the Committee has decided not to make any changes to the base salaries of executive directors at this time.

The Committee recognises the challenges posed by inflation but believes that it is important to maintain stability in the salaries of executive directors, particularly during uncertain economic times. In 2023, the Committee will conduct a review of the base salaries of executive directors, considering macroeconomic developments, the individual performance and contributions of each executive director, as well as market trends and industry benchmarks. The Committee will determine whether any changes to base salaries are appropriate and will make recommendations to the Board accordingly.

The Committee also undertook a review of salaries across the broader Group toward the end of 2022 to ensure they remain commensurate, particularly given recent global inflationary trends and in particular cost of living pressure from energy prices. Inflation rates by country, across multiple reference dates, were compared to recent and proposed changes to Group workforce salaries and wages. While severity of, and responses to, cost-of-living increases varied by country across the Group, the Committee was satisfied that the changes implemented to date, and where applicable, those that were proposed, were fair and reasonable.

Non-Executive Directors' Fees

The basic fee for the non-executive directors for 2022 was £50,000. No changes were proposed for NED fees but will be reviewed in conjunction with executive directors during 2023.

Annual bonus

For 2023, the executive directors will have the opportunity to earn a bonus of up to 125% of their base salary. The bonus will be subject to stretching performance conditions based on Underlying EPS (75%) and corporate objectives (25%). The performance targets contain confidential information and so are not disclosed on a prospective basis. The Committee propose to disclose the targets, and performance against them, retrospectively as was the case in 2022.

PSP awards

The Committee does not expect to grant any further awards under the PSP in 2023, however 2023 will be the year in which the Committee determines satisfaction of the EPS target vesting performance conditions for the LTIP awards.

This report was approved by the Board on 25 March 2023.

Simon Chisholm
Non-Executive Director
25 March 2023

Nomination Committee report

The Nomination Committee keeps the leadership of the Group under review, and ensures the Board is able to govern effectively now and in the future.

Key activities carried out in 2022

With the acquisition of Nordkalk in Q3 of 2021 the Nomination Committee considered the appropriate board composition for the Group and concluded that three executive directors supported by four independent NEDs would provide the right level of governance and oversight. The Nomination Committee thereafter conducted a search for an additional NED, identifying Ms Axelle Henry as a strong potential candidate, securing her appointment in April 2022.

Committee Duties

The duties of the Nomination Committee are as follows:

- To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- Evaluate the balance of skills, knowledge and experience on the Board;
- Keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- Give full consideration to succession planning for both executive and non-executive directors and other senior management in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Keep under review the leadership needs of the organisation, both executive and non- executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- The Nomination Committee shall make recommendations to the Board as regards plans for succession for both executive and non-executive directors.

Chair Statement

It is a pleasure to be the Chairman of the Nomination Committee in a business that is exponentially growing. I look forward to supporting the Group in ensuring that we have the best executive and senior management teams in place that suit the strategy, business model and culture of SigmaRoc.

This report was approved by the Board on 25 March 2023.

Simon Chisholm
Non-Executive Director
25 March 2023

Directors report

The Directors present their report, together with the audited Financial Statements, for the year ended 31 December 2022.

Principal Activities

The principal activity of the Company is to make investments and/or acquire businesses and assets in the construction and industrial quarried materials sectors. The principal activity of the Group is the production of high-quality aggregates and supply of value-added quarried materials.

Board composition and head office

The Board comprises three Executive Directors and four Non-Executive Directors at year end. The Corporate Head Office of the Company is located in London, UK.

Risk Management

The Board is responsible for the Group's risk management and continues to develop policies and procedures that reflect the nature and scale of the Group's business. Further details of the key areas of risk to the business identified by the Group are included on pages 88 to 92.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Results and Dividends

For the year to 31 December 2022, the Group's Underlying profit before tax was £62.7 million (2021: £26.8 million) and Underlying profit after tax was £53.6 million (2021: £22.1 million). Recognising the Group's strategy and current position on its journey, the Directors are not proposing to adopt a dividend policy yet.

Stated Capital

Details of the Company's shares in issue are set out in Note 28 to the Financial Statements.

Directors

The following Directors served during the year:

Director	Position
David Barrett	Chairman
Max Vermorken	Chief Executive Officer
Garth Palmer	Chief Financial Officer
Tim Hall	Independent Non-Executive Director
Simon Chisholm	Independent Non-Executive Director
Jacques Emsens	Independent Non-Executive Director
Axelle Henry[1]	Independent Non-Executive Director

[1] Appointed on 26 April 2022

Directors & Directors' interests

The Directors who served during the year ended 31 December 2022 are shown below and had, at that time, the following beneficial interests in the shares of the Company:

	31 December 2022		31 December 2021	
	Ordinary Shares	Options	Ordinary Shares	Options
Max Vermorken	759,231	11,807,349	674,150	11,807,349
David Barrett	3,053,439	5,638,674	3,009,189	5,638,674
Garth Palmer	616,146	3,326,014	556,146	3,326,014
Tim Hall	400,176	750,000	400,176	750,000
Simon Chisholm	-	-	-	-
Jacques Emsens	-	-	-	-
Axelle Henry	-	-	-	-

Further details on options can be found in Note 29 to the Financial Statements.

Details on the remuneration of the Directors can be found in Note 10 to the Financial Statements.

Substantial Shareholdings

The Company is aware that, as at 25 March 2023, other than the Directors, the interests of Shareholders holding three% or more of the issued share capital of the Company were as shown in the table below:

Shareholder	Shares held	Percentage of holdings
Blackrock Investment Mgt (UK)	63,581,543	9.16%
Rettig Group	50,276,521	7.25%
M&G Investment Management	49,100,079	7.08%
Chelverton Asset Management	47,286,417	6.82%
BGF Investment LP	46,105,973	6.65%
Janus Henderson Investors	45,190,500	6.51%
Polar Capital	39,511,584	5.69%
Canaccord Genuity Wealth Management	37,833,884	5.45%
Lombard Odier	32,685,177	4.71%
Slater Investments	28,282,422	4.08%

Inheritance tax

Shares in AIM listed trading companies or a holding company of a trading group may, after a 2 year holding period, qualify for Business Property Relief for United Kingdom inheritance tax purposes, subject to the detailed conditions for the relief.

Investors should note that Business Property Relief would cease to be available in the event that the Company's shares were to become listed on a HMRC designated stock exchange, for example the Main Market of the London Stock Exchange.

Employees

By being responsible for their own businesses, that are aligned with the overall Group's strategy, employees are fully aware of their impact and contribution as they are inherently responsible for their own success. The Group and each business is committed to employing the best they can, not only in skills and competence but also in their softer skills, regardless of who they are or where they have come from. Once engaged, each employee is nurtured and developed locally with opportunities within each business and platform offered openly.

Political Contribution

The Group did not make any contributions to political parties during either the current or the previous year.

Annual General Meeting

The AGM will be held at the Washington Mayfair Hotel, 5 Curzon St, London W1J 5HE on 25 April at 3pm. The formal notice convening the AGM, together with explanatory notes on the resolutions contained therein, is included in the separate circular accompanying this document and is available on the Company's website at www.sigmaroc.com.

Viability Statement

The Directors have assessed the viability of the Group over a period to December 2027. This is the same period over which financial projections were prepared for the Group's strategic financial plan. In making their assessment the Directors have taken into account the Group's current position and the potential impact of the principal risks and uncertainties set out on pages 88 to 92 on its business model, future performance, solvency or liquidity. They also stress tested their analysis by running a number of credible scenarios and considered the availability of mitigating actions. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2023. In making this statement, the Directors have assumed that financing remains available and that mitigating actions are effective.

Corporate responsibility

Environmental

SigmaRoc undertakes its activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature.

Health and safety

SigmaRoc operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive

Directors report

health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects, with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is regarded as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Internal controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Further details of corporate governance can be found in the Corporate Governance Report on page 126.

Going concern

The Group meets its day-to-day working capital and other funding requirements through cash and banking facilities, which were renewed in July 2021 and of which more information can be found on page 86.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in Note 2.3 to the Financial Statements.

Prior year restatement

During the year, the prior year accounting treatment of the PPA on acquisitions has been revisited. The fair value uplift on assets acquired as part of the PPA exercise should have resulted in a deferred tax liability being recognised in accordance with IAS and IFRS. As a result, a prior year restatement to include deferred tax has been reflected within the financial statements. See Note 39 for details of the impact on the financial statement.

Directors' and officers' indemnity insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and officers. These were made during the year and remain in force at the date of this Annual Report.

Events after the reporting period

Events after the reporting period are set out in Note 38 to the Financial Statements.

Policy and practice on payment of creditors

The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. As at 31 December 2022, the Company had an average of 54 days (2021: 58 days) purchases outstanding in trade payables and the Group had an average of 58 days (2021: 91 days).

Future developments

Details of future developments for the Group are disclosed in the Chairman's Statement on page 10 and the CEO's Strategic Report on page 14.

Provision of information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 25 March 2023.

Garth Palmer
Chief Financial Officer
25 March 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations, including the AIM Rules for Companies.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted IAS in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.sigmaroc.com. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

Independent Auditor's report to the members of SigmaRoc plc

Opinion

We have audited the financial statements of SigmaRoc plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in conformity with the requirements of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit and Parent Company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's cash flow forecasts for the going concern period being twelve months from the date of signing the financial statements;
- Ensuring the mathematical accuracy of the cash flow forecasts;
- Comparing actual results for the year to forecasts to assess the forecasting ability and accuracy of management;
- Holding discussions with management to understand the cash flow forecasts including the key inputs used and sources of these inputs;
- Challenging management on the appropriateness of key assumptions and judgements used;
- Identifying events subsequent to the year-end, which would be expected to impact the Group and Parent Company and hence the directors' assessment of going concern, and challenging management thereon to ensure that they had been factored into management's assessment; and
- Considering the inherent risks to the business model and performing an analysis of how those risks might affect the financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to affect the financial resources or ability to continue operations over this period were:

- adverse circumstances impacting timely conversion of trade receivables to cash;
- industrial action reducing production volumes;
- the ability of the Group and Parent Company to comply with debt covenants;
- rising inflation impacting expenditures, cost of sales and operating cashflows; and
- failure to achieve required revenue growth.

We considered these risks through a review of the application of reasonably foreseeable downside scenarios. We found the going concern disclosure in Note 2.3 to be appropriate as it gives a reasonable description of the assessment of going concern supported by the underlying cashflow forecasts reviewed as part of our work in this area.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Materiality for the financial statements as a whole	£5.20 million (2021: £2.72 million)	£3.00 million (2021: £1.45 million)
Basis of materiality	0.97% of turnover	0.86% of net assets
Rationale Benchmark	We considered revenue to be the most relevant performance indicator of the Group as it is a significant driver of profit or loss for the year.	The Parent Company operates primarily as a holding company which holds the main debt facility for the Group and as such, we consider net assets as the key metric.
Rationale Percentage	The percentage applied to the benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the results were appropriately considered.	
Performance materiality - 70%	£3.64 million (2021: £1.90 million)	£2.10 million (2021: 1.02 million)
	In determining performance materiality, we considered the following factors: – the number and quantum of identified misstatements in the prior year audit; – management's attitude to correcting misstatements identified; – our cumulative knowledge of the Group and Parent Company and their environment, including industry specific trends; – the consistency in the level of judgement required in key accounting estimates; – the stability in key management personnel; and – the level of centralisation in the Group's financial reporting controls and processes.	

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

For each significant component in the scope of our audit, we allocated a materiality based on the maximum aggregate component materiality. The range of materiality allocated across components was between £3.30 million and £2.00 million. Materiality for material non-significant components of £2.86 million was calculated based on a percentage of Group revenue.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £260,000 (2021: £136,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We note that the Group has made acquisitions of subsidiary undertakings and has performed a purchase price allocation during the year on the goodwill asset recognised in the prior year. Both of these areas are inherently complicated and require a significant amount of judgement by management. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

We determined that of the 65 subsidiaries of the Group there were 32 components. A full scope audit was performed on the complete financial information of five components which were assessed as material and significant. 12 components were considered material but not significant to which we performed audits of material balances using a materiality that is less than the materiality determined for the Group financial statements. For the remaining components not considered material, we performed a limited scope analytical review together with substantive testing, as appropriate, on Group audit risk areas applicable to those components based on their relative size, risks in the business and our knowledge of the entity appropriate to respond to the risk of material misstatement.

Of the five material and significant components, four were located in Finland, Sweden, Belgium and Poland. The components in these locations were audited by firms outside of the PKF network operating under our instruction. The remaining component audit was performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing mining companies and publicly listed entities. We interacted regularly with the component audit teams during all stages of the audit and we were responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group and Parent Company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's report to the members of SigmaRoc plc

Key Audit Matter	How our scope addressed this matter
Valuation and Allocation of Inventory (Group) (Note 2.10 and 21)	
The Group holds £67.78 million of inventory in the Consolidated Statement of Financial Position at the year end. There is a risk that the carrying value of inventory is not in line with the requirements of IAS 2 Inventories and is thus materially misstated. Specifically, there is a risk that inventory: – has been valued using cost inputs and allocated overheads which are not wholly attributable to its production; and – has become obsolete, by way of damage or falling resalable value. Given the quantum of misstatement should the effect of these risks materialise, we determined that the valuation of inventory is a key audit matter.	Our work in this area included: – Attending year-end inventory counts at a sample of sites to ensure existence and accuracy of inventory items and records; – Obtaining an inventory listing which reconciles to the inventory balance within the trial balance; – Reviewing movements in inventory from the inventory counts to the year end and reconciling a sample of the movements to purchases and sales invoices; – Discussing with management their methodologies of valuing inventory to ensure these methodologies are consistent across the Group and are in line with IAS 2; – Reviewing purchase invoices and the cost absorption work papers on a sample of inventory items held at the year end to ensure that the valuations used are accurate; – Comparing the net realisable value (NRV) (e.g., the post year-end sales price) to the cost price on a sample of inventory items to ensure that inventory is valued at the lower of cost and NRV; and – Reviewing slow moving inventory items and assessing whether the provision for such items is complete. We found managements processes and controls over the existence and completeness of inventory suitable. We are furthermore satisfied that the judgements made by management pertaining to the valuation and allocation of inventory are appropriate.
Valuation and Allocation of Investments in subsidiary undertakings (Parent Company) (Note 2.2 and 18)	

The Parent Company carries an "Investment in subsidiary undertakings" balance of over £583.42 million in its Statement of Financial Position.
There is a risk that the carrying value of the investments is greater than the recoverable amount and is therefore impaired.
We determined that the valuation of investments is a key audit matter as the estimated recoverable amount of investments is subjective due to the inherent uncertainty involved in forecasting and discounting future cashflows.
	Our work in this area included:
	– Obtaining the impairment models and assessment for each subsidiary and reviewing the models for reasonableness;
	– Assessing the mathematical accuracy of the models;
	– For all key assumptions and inputs to the impairment models:
	  – discussing their basis with management;
	  – agreeing to supporting evidence and where possible, agreeing to third party data;
	  – recalculating the discount rate used;
	– Reviewing the value of the net investment in subsidiaries against the supporting underlying assets;
	– Assessing the historical forecasting accuracy, by comparing previous cash flow forecasts to actual results achieved;
	– Performing a sensitivity analysis on the key assumptions noted above;
	– Considering the existence of impairment indicators per IAS 36 *Impairment of Assets*; and
	– Reviewing the associated disclosures in the financial statements and assessing the appropriateness of such disclosures.
	We found management's assessment of the carrying value of investments in subsidiary undertakings to be supported by the underlying models and the judgements and estimates applied reasonable.

Valuation and Allocation of Goodwill (Note 2.6 and 17)	

The Group carries a balance of over £173.83 million in goodwill relating to the acquisition of its subsidiary undertakings in the Consolidated Statement of Financial Position. Furthermore, subsequent to the acquisition of subsidiaries and the finalisation of the Purchase Price Allocation report (PPA), goodwill is allocated to other identifiable intangible assets with any remaining unallocated amount being left within goodwill.
In accordance with IAS 36, goodwill is not amortised. However, an impairment review should be undertaken annually, or more frequently, should events or changes in circumstances indicate a potential impairment.
Goodwill is allocated to groups of cash generating units according to the level at which management monitors that goodwill, which is at the level of operating segments. As such, the impairment reviews are performed in conjunction with the respective investment reviews.
Given that the estimated recoverable amount of goodwill is subjective, there is a risk that the carrying value of goodwill is overstated. Should the effect of these risks materialise, the effect would be material and as such, we determined that the valuation of goodwill is a key audit matter.
	Our work in this area included:
	– Using an auditor specialist to review the PPA and assess the key assumptions and inputs used to allocate the goodwill value to other intangible assets;
	– Obtaining the impairment models and assessment for each subsidiary and reviewing the models for reasonableness;
	– Assessing the mathematical accuracy of the models;
	– For all key assumptions and inputs to the impairment models:
	  – discussing their basis with management;
	  – agreeing to supporting evidence and where possible, agreeing to third party data;
	  – recalculating the discount rate used;
	– Reviewing the value of the net investment in subsidiaries against the supporting underlying assets;
	– Assessing the historical forecasting accuracy, by comparing previously forecast cash flows to actual results achieved;
	– Performing a sensitivity analysis on the key assumptions noted above;
	– Considering the existence of impairment indicators per IAS 36 Impairment of Assets; and
	– Reviewing the associated disclosures in the financial statements and assessing the appropriateness of such disclosures.
	We found management's assessment of the carrying value of goodwill to be supported by the underlying models and the judgements and estimates applied reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

– the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

– the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

– adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

– the Parent Company financial statements are not in agreement with the accounting records and returns; or

– certain disclosures of directors' remuneration specified by law are not made; or

– we have not received all the information and explanations we require for our audit.

Independent Auditor's report to the members of SigmaRoc plc

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the directors are responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, review of accident logbooks, application of cumulative audit knowledge and experience of the quarrying sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from the:
  - Companies Act 2006;
  - UK-adopted international accounting standards;
  - Quoted Companies Alliance Code;
  - Local laws and regulations in the jurisdictions of the subsidiary entities;
  - AIM Rules;
  - Health and Safety Laws; and
  - Anti-bribery and anti-money laundering regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
  - Holding discussions with management and the audit committee and considering any known or suspected instances of non-compliance with laws and regulations or fraud;
  - Reviewing board meeting minutes;
  - Reviewing Regulatory News Service (RNS) announcements;
  - Ensuring adherence to the terms within the exploration permits, including environmental conditions; and
  - Reviewing legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the valuation of goodwill and investments (detailed in the key audit matters section of our report) as well as the valuation of the defined benefit obligations, including the key actuarial assumptions applied. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate and ensuring that there were adequate disclosures included in the respective notes including the disclosures within critical accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of the Group audit, we have communicated with component auditors the fraud risks associated with the Group and the need for the component auditors to address the risk of fraud and any instances of non-compliance with laws and regulations in their testing. To ensure that this has been completed, we have reviewed component auditor working papers in this area and obtained responses to our Group instructions from the component auditors including their work and conclusions on compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

25 March 2023

Consolidated income statement

Continued operations	Note	**Year ended 31 December 2022** Underlying £'000	Non-underlying[1] (Note 11) £'000	Total £'000	Year ended 31 December 2021 Underlying £'000	Non-underlying[2] (Note 11) £'000	Total £'000
Revenue	7	**537,993**	**-**	**537,993**	**271,987**	**-**	**271,987**
Cost of sales	8	(422,056)	-	(422,056)	(210,068)	-	(210,068)
Profit from operations		**115,937**	**-**	**115,937**	**61,919**	**-**	**61,919**
Administrative expenses	8	(46,144)	(19,126)	(65,270)	(31,792)	(25,734)	(57,526)
Net finance (expense)/income	12	(8,910)	(1,528)	(10,438)	(5,317)	(1,682)	(6,999)
Other net gains / (losses)	13	1,853	641	2,494	1,978	(1,644)	334
Profit/(loss) before tax		**62,736**	**(20,013)**	**42,723**	**26,788**	**(29,060)**	**(2,272)**
Tax expense	15	(9,142)	-	(9,142)	(4,699)	-	(4,699)
Profit/(loss)		**53,594**	**(20,013)**	**33,581**	**22,089**	**(29,060)**	**(6,971)**
Profit/(loss) attributable to:							
Owners of the parent		51,251	(20,013)	31,238	21,499	(29,060)	(7,561)
Non-controlling interest	31	2,343	-	2,343	590	-	590
		53,594	**(20,013)**	**33,581**	**22,089**	**(29,060)**	**(6,971)**
Basic earnings per share attributable to owners of the parent (expressed in pence per share)	32	**8.03**	**(3.14)**	**4.89**	**5.37**	**(7.26)**	**(1.89)**
Diluted earnings per share attributable to owners of the parent (expressed in pence per share)	32	**7.68**	**(3.00)**	**4.68**	**5.02**	**(6.79)**	**(1.77)**

[1, 2] Non-underlying items represent acquisition related expenses, restructuring costs, certain finance costs, share option expense and amortisation of acquired intangibles. See Note 11 for more information.

The Notes on pages 160-202 form part of these Financial Statements.

Consolidated statement of comprehensive income

	Note	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Profit/(loss) for the year		33,581	(6,971)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
FX translation reserve		17,735	(15,806)
Cash flow hedges – effective portion of changes in fair value		3,432	882
Remeasurement of the net defined benefits liability		202	155
Other comprehensive income, net of tax		**21,369**	**(14,769)**
Total comprehensive income		**54,950**	**(21,740)**
Total comprehensive income attributable to:			
Owners of the parent		52,048	(22,343)
Non-controlling interests		2,902	603
Total comprehensive income for the period		**54,950**	**(21,740)**

The Notes on pages 160-202 form part of these Financial Statements.

Statements of financial position

COMPANY NUMBER: 05204176

	Note	Consolidated 31 December 2022 £'000	Consolidated 31 December 2021 £'000	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Non-current assets					
Property, plant and equipment	16	523,188	256,436	257	429
Intangible assets	17	189,875	318,963	-	-
Investments in subsidiary undertakings	18	-	-	583,421	554,195
Investment in equity-accounted associate	19	576	524	-	-
Investment in joint ventures	19	5,942	5,134	-	-
Derivative financial asset	33	4,771	870	-	-
Other receivables	20	4,259	4,759	-	-
Deferred tax asset	15	4,426	3,129	-	-
		733,037	**589,815**	**583,678**	**554,624**
Current assets					
Trade and other receivables	20	86,805	73,254	3,168	2,890
Inventories	21	67,780	44,530	-	-
Cash and cash equivalents	22	68,623	69,916	5,055	19,038
Derivative financial asset	33	10,683	4,327	-	302
		233,891	**192,027**	**8,223**	**22,230**
Total assets		**966,928**	**781,842**	**591,901**	**576,854**
Current liabilities					
Trade and other payables	23	140,443	98,213	13,526	5,567
Derivative financial liabilities	33	6,693	737	-	-
Provisions	25	6,596	4,024	-	-
Borrowings	24	33,846	21,723	20,072	8,102
Current tax payable		1,251	3,934	-	-
		188,829	**128,631**	**33,598**	**13,669**
Non-current liabilities					
Borrowings	24	228,630	212,199	206,369	192,068
Employee benefit liabilities		1,312	1,589	-	-
Deferred tax liabilities	15	68,604	17,717	-	-
Derivative financial liabilities		552	-	-	-
Provisions	25	4,100	6,151	-	-
Other payables	23	5,051	4,401	5,051	4,401
		308,249	**242,057**	**211,420**	**196,469**
Total liabilities		**497,078**	**370,688**	**245,018**	**210,138**
Net assets		**469,850**	**411,154**	**346,882**	**366,716**
Equity attributable to owners of the parent					
Share capital	28	6,383	6,379	6,383	6,379
Share premium	28	400,022	399,897	400,022	399,897
Share option reserve	29	7,483	3,104	7,483	3,104
Other reserves	30	10,261	(11,236)	1,362	1,362
Retained earnings		33,969	2,116	(68,368)	(44,026)
Equity attributable to owners of the parent		**458,118**	**400,260**	**346,882**	**366,716**
Non-controlling interest	**31**	**11,732**	**10,894**	**-**	**-**
Total equity		**469,850**	**411,154**	**346,882**	**366,716**

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Company's Income Statement and Statement of Comprehensive Income. The loss for the Company for the year ended 31 December 2022 was £24.4 million (year ended 31 December 2021: loss of £26.3 million).

The Financial Statements were approved and authorised for issue by the Board of Directors on 25 March 2023 were signed on its behalf by:

Garth Palmer
Chief Financial Officer
25 March 2023

The Notes on pages 160-202 form part of these Financial Statements.

Consolidated statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total £'000
Balance as at 1 January 2021		**2,787**	**107,418**	**847**	**3,293**	**9,218**	**123,563**	**-**	**123,563**
Profit for the year		-	-	-	-	(7,561)	**(7,561)**	590	(6,971)
Currency translation differences		-	-	-	(15,819)	-	**(15,819)**	13	(15,806)
Other comprehensive income		-	-	-	1,037	-	**1,037**	-	1,037
Total comprehensive income for the period		**-**	**-**	**-**	**(14,782)**	**(7,561)**	**(22,343)**	**603**	**(21,740)**
Contributions by and distributions to owners									
Acquired via acquisition		-	-	-	-	-	**-**	9,031	9,031
Issue of share capital		3,089	258,996	-	-	-	**262,085**	1,260	263,345
Issue costs	28	-	(8,748)	-	-	-	**(8,748)**	-	(8,748)
Share based payments		503	42,231	2,322	-	-	**45,056**	-	45,056
Exercise of share options		-	-	(65)		65	**-**	-	-
Other equity adjustments		-	-	-	253	394	**647**	-	647
Total contributions by and distributions to owners		**3,592**	**292,479**	**2,257**	**253**	**456**	**299,040**	**10,291**	**309,331**
Balance as at 31 December 2021		**6,379**	**399,897**	**3,104**	**(11,236)**	**2,116**	**400,260**	**10,894**	**411,154**
Balance as at 1 January 2022		**6,379**	**399,897**	**3,104**	**(11,236)**	**2,116**	**400,260**	**10,894**	**411,154**
Profit for the year		-	-	-	-	31,238	**31,238**	2,343	33,581
Currency translation differences		-	-	-	17,176	-	**17,176**	559	17,735
Other comprehensive income		-	-	-	3,634	-	**3,634**	-	3,634
Total comprehensive income for the period		-	-	-	**20,810**	**31,238**	**52,048**	**2,902**	**54,950**
Contributions by and distributions to owners									
Acquired via acquisition		-	-	-	-	-	**-**	974	974
Issue of share capital	28	4	125	-	-	-	**129**	-	129
Share based payments		-	-	4,453	-	-	**4,453**	-	4,453
Exercise of share options		-	-	(74)	-	74	**-**	-	-
Dividends		-	-	-	-	-	**-**	(3,038)	(3,038)
Other equity adjustments		-	-	-	687	541	**1,228**	-	1,228
Total contributions by and distributions to owners		**4**	**125**	**4,276**	**687**	**615**	**5,810**	**(2,064)**	**3,746**
Balance as at 31 December 2022		**6,383**	**400,022**	**7,483**	**10,261**	**33,969**	**458,118**	**11,732**	**469,850**

The Notes on pages 160-202 form part of these Financial Statements.

Company statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Other reserves £'000	Retained earnings £'000	Total
Balance as at 1 January 2021		**2,787**	**107,418**	**847**	**1,362**	**(17,801)**	**94,613**
Profit/(Loss)		-	-	-	-	(26,290)	(26,290)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(26,290)**	**(26,290)**
Contributions by and distributions to owners							
Issue of share capital		3,089	258,996	-	-	-	262,085
Issue costs	28	-	(8,748)	-	-	-	(8,748)
Share based payments		503	42,231	2,322	-	-	45,056
Exercise of share options		-	-	(65)	-	65	-
Total contributions by and distributions to owners		**3,592**	**292,479**	**2,257**	**-**	**65**	**298,393**
Balance as at 31 December 2021		**6,379**	**399,897**	**3,104**	**1,362**	**(44,026)**	**366,716**
Balance as at 1 January 2022		**6,379**	**399,897**	**3,104**	**1,362**	**(44,026)**	**366,716**
Profit/(Loss)		-	-	-	-	(24,416)	(24,416)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(24,416)**	**(24,416)**
Contributions by and distributions to owners							
Issue of share capital		4	125	-	-	-	129
Issue costs	28	-	-	-	-	-	-
Share based payments		-	-	4,453	-	-	4,453
Exercise of share options		-	-	(74)	-	74	-
Total contributions by and distributions to owners		**4**	**125**	**4,276**	**-**	**74**	**4,582**
Balance as at 31 December 2022		**6,383**	**400,022**	**7,483**	**1,362**	**(68,368)**	**346,882**

The Notes on pages 160-202 form part of these Financial Statements.

Cash flow statements

	Note	Consolidated Year ended 31 December 2022 £'000	Consolidated Year ended 31 December 2021 £'000	Company Year ended 31 December 2022 £'000	Company Year ended 31 December 2021 £'000
Cash flows from operating activities					
Profit/(loss)		33,581	(6,971)	(24,416)	(26,290)
Adjustments for:					
Depreciation and amortisation	16 17	37,116	19,115	118	49
Impairments		30	2,006	-	-
Share option expense		4,453	2,321	4,453	2,321
Loss/(gain) on sale of PP&E		(1,471)	101		-
Net finance costs		10,438	7,360	7,032	2,705
Income tax expense	15	9,142	4,699	-	-
Share of earnings from joint ventures		(786)	(291)	-	-
Non-cash items		(475)	(1,103)	3,927	(275)
Increase in trade and other receivables		(6,807)	(1,178)	(450)	(1,142)
(Increase)/decrease in inventories		(17,322)	130	-	-
Increase in trade and other payables		31,182	9,142	4,151	2,348
Decrease in provisions		(19)	(1,339)	-	-
Income tax paid		(11,332)	(4,451)	-	-
Net cash inflows/(outflows) from operating activities		**87,730**	**29,541**	**(5,185)**	**(20,284)**
Investing activities					
Purchase of property, plant and equipment	16	(51,008)	(22,555)	(14)	(426)
Sale of property, plant and equipment		10,235	3,475	-	-
Purchase of intangible assets	17	(1,713)	(62)	-	-
Acquisition of businesses (net of cash acquired)		(43,318)	(350,940)	(43,427)	(379,854)
Financial derivative		278	(4,327)	302	(302)
Loans granted		-	(750)	-	(750)
Interest received		603	-	7	5
Net cash used in investing activities		**(84,923)**	**(375,159)**	**(43,132)**	**(381,327)**
Financing activities					
Proceeds from share issue		129	263,344	129	262,085
Cost of share issue		-	(8,748)	-	(8,748)
Proceeds from borrowings		36,154	155,734	26,840	167,020
Cost of borrowings		-	(5,425)	-	(5,425)
Repayment of borrowings		(30,361)	(12,253)	(8,067)	-
Net loans with subsidiaries		-	-	22,801	(3,927)
Interest paid		(9,732)	(3,511)	(7,537)	(1,858)
Dividends paid		(3,038)	(601)	-	(21)
Net cash used in financing activities		**(6,848)**	**388,540**	**34,166**	**409,126**
Net increase/(decrease) in cash and cash equivalents		**(4,041)**	**42,922**	**(14,151)**	**7,515**
Cash and cash equivalents at beginning of period		69,916	27,452	19,038	11,521
Exchange losses on cash		2,748	(458)	168	2
Cash and cash equivalents and end of period	**22**	**68,623**	**69,916**	**5,055**	**19,038**

Major non-cash transactions
During the year ended 31 December 2022 there were share based payments of £0.5 million. During the year ended 31 December 2021 there were share based payments of £42.7 million as part of the Nordkalk acquisition. £0.8m is a non-cash gain on a liquidation of Coordination du Hainaut SCS and the remainder of non-cash movements are not considered material.

The Notes on pages 160-202 form part of these Financial Statements.

Notes to the financial statements

1. General Information

The principal activity of SigmaRoc is to make investments and/or acquire projects in the quarried materials sector, and the principal activity of the Group is the production of high-quality aggregates and supply of value-added industrial and construction materials. The Company's shares are admitted to trading on AIM and it is incorporated and domiciled in the United Kingdom.

The address of its registered office is 6 Heddon Street, London, W1B 4BT

2. Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below ('Accounting Policies' or 'Policies'). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of Preparing the Financial Statements

The Group and Company Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards in accordance with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest thousand.

The preparation of Financial Statements in conformity with UK IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

a) Changes in Accounting Policy

i) New standards and amendments adopted by the Group

The IASB issued various amendments and revisions to UK IAS and IFRSIC interpretations which include IFRS 3 - Reference to Conceptual Framework, IAS 37 – Onerous Contracts, IAS 16 – Proceeds before intended use, IAS 8 – Accounting estimates and Annual Improvements – 2018 – 2020 Cycle. The amendments and revisions were applicable for the period ended 31 December 2022 but did not result in any material changes to the financial statements of the Group or Company

ii) New standards, amendments and interpretations in issue but not yet effective or not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IAS 12	Income taxes	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 1	Presentation of Financial Statements	1 January 2023

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

2.2. Basis of Consolidation

a) Subsidiaries

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the accounts of all of its subsidiary undertakings for all periods presented.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. On consolidation all inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries are accounted for at cost less impairment.

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

CDH, B-Mix, Stone and GduH use Belgian GAAP rules to prepare and report their financial statements. The Group reports using UK IAS standards and in order to comply with the Group's reporting standards, management of CDH and B-Mix processed several adjustments to ensure the financial information included at a Group level complies with UK IAS. CDH and B-Mix will continue to prepare their company financial statements in line with the Belgian GAAP rules.

Nordkalk entities use local GAAP rules to prepare and report their financial statements. The Group reports using UK IAS standards and in order to comply with the Group's reporting standards, management of Nordkalk processed several adjustments to ensure the financial information included at a Group level complies with UK IAS. Nordkalk will continue to prepare their company financial statements in line with the local GAAP rules.

b) Associates

Associates are entities over which the Group has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Accounting policies of equity–accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Joint Arrangement

A joint arrangement is an arrangement in which two or more parties have joint control. A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. Joint arrangements are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss.

d) Employee Benefit Trust

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

The Employee Benefit Trust is considered to be a special purpose entity in which the substance of the relationship is that of control by the group in order that the group may benefit from its control. The assets held by the trust are consolidated into the group.

2.3. Going Concern

The Financial Statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group meets its day-to-day working capital and other funding requirements through operating cash generation and its Debt Facilities. The Debt Facilities comprises of a £205 million committed term facility, £100 million revolving credit facility and a further £100 million accordion option which matures on 15 July 2026. The Group has met all covenants on its Debt Facilities.

The Group has prepared cash flow forecasts for a period of more than 12 months which anticipate a continuous upward trend of profitability and cash generation. As the Group has a strong focus on operational gearing, it can remain flexible during economically disruptive events which can have a negative effect on cash flow.

At 31 December 2022, the Group had cash of £68.6 million and undrawn banking facilities of £173 million, and at the date of this report has similar levels of liquidity which is expected to provide sufficient funds for the Group to discharge its liabilities as and when they fall due and ensure covenants are met.

Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a Going Concern basis.

2.4. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.5. Foreign Currencies

a) Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Financial Statements are presented in Pounds Sterling, rounded to the nearest £000's, which is the Group's functional currency.

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. An exception to this is when the borrowings exchange differences arise on monetary items that form part of the reporting entity's net investment in a foreign operation, in the consolidated financial statements the exchange gain or loss will be shown in other comprehensive income. All other foreign exchange gains and losses are presented in the Income Statement within 'Other net gains/(losses)'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each period end date presented are translated at the period-end closing rate;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

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– all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale.

2.6. Intangible Assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

As reported within the CEO's strategic report, a PPA was carried out to assess the fair value of the assets acquired in B-Mix and Nordkalk as at the completion date. As a result of this exercise, goodwill in B-Mix decreased from £6.4 million to £2 million with the corresponding movement being land and buildings. Goodwill in Nordkalk decreased from £268.8 million to £35 million with the corresponding movement being customer relations, vehicles, land and buildings and land and minerals. The current accounting policies regarding the subsequent treatment intangible assets will apply to fair value uplift attributable to the PPA.

Amortisation is provided on intangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Goodwill	0%
Customer relations	7% - 12.5%
Intellectual property	10% – 12%
Research and Development	10% – 20%
Branding	5% - 10%
Other intangibles	10% - 20%

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill is not amortised however impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use, discounted to present value using a pre-tax discount rate reflective of the time value of money and risks specific to the business unit. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangibles consist of capitalised development costs for assets produced that assist in the operations of the Group and incur revenue. Impairment reviews are performed annually. Where the benefit of the intangible ceases or has been superseded, these are written off the Income Statement.

2.7. Property, Plant and Equipment

Property, plant and equipment is stated at cost, plus any purchase price allocation uplift, less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Office equipment	12.5% – 50%
Land and minerals	0 – 10%
Land and buildings	0 – 10%
Plant and machinery	4% – 33%
Furniture and vehicles	7.5% – 33.3%
Construction in progress	0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains/(losses)' in the Income Statement.

2.8. Land, Mineral Rights and Restoration Costs

Land, quarry development costs, which include directly attributable construction overheads and mineral rights are recorded at cost plus any PPA uplift. Land and quarry development are depreciated and amortised, respectively, using the units of production method, based on estimated recoverable tonnage.

Where the Group has a legal or constructive obligation for restoration of a site the costs of restoring this site is provided for. The initial cost of creating this provision is capitalised within property, plant and equipment and depreciated over the life of the site. The provisions are discounted to their present value at a rate which reflects the time value of money and risks specific to the liability. Changes in the measurement of a previously capitalized provision are accordingly added or deducted from the value of the asset.

The depletion of mineral rights and depreciation of restoration costs are expensed by reference to the quarry activity during the period and remaining estimated amounts of mineral to be recovered over the expected life of the operation.

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping.

There are two types of stripping activity:

– Development stripping is the initial overburden removal during the development phase to obtain access to a mineral deposit that will be commercially produced.

– Production stripping relates to overburden removal during the normal course of production activities and commences after the first saleable minerals have been extracted from the component.

Development stripping costs are capitalised as a development stripping asset when:

– It is probable that future economic benefits associated with the asset will flow to the entity; and

– The costs can be measured reliably.

Production stripping can give rise to two benefits, the extraction of ore in the current period and improved access to the ore body component in future periods. To the extent that the benefit is the extraction of ore stripping costs are recognised as an inventory cost. To the extent that the benefit is improved access to future ore, stripping costs are recognised as a production stripping asset if the following criteria are met:

– It is probable that the future economic benefit (improved access to ore) will flow to the entity;

– The component of the ore body for which access has been improved can be identified; and

– The costs relating to the stripping activity can be measured reliably.

The development and production stripping assets are depreciated in accordance with units of production based on the proven and probable reserves of the relevant components. Stripping assets are classified as other minerals assets in property, plant and equipment.

2.9. Financial Assets

Classification

The Group's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Financial Assets at Fair Value through other comprehensive income

A financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is managed in a business model in which assets are held both for sale and to collect contractual cash flows, or if an investment in an equity instrument is elected to be measured at fair value through other comprehensive income. Derivatives eligible for hedge accounting are classified as financial assets at fair value through other comprehensive income.

(iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents at the year-end.

Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Income Statement within "Other (Losses)/ Gains" in the period in which they arise.

Derivative Financial Instruments and Hedging Activities recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

– hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

– hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

– hedges of a net investment in a foreign operation (net investment hedge).

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At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33. Movements on the revaluation reserve in shareholders' equity are shown in Note 30. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
- it becomes probable that the borrower will enter bankruptcy or another financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

2.10. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value, which is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

2.11. Trade Receivables

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables – factoring

The carrying amounts of the trade receivables excludes receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash without recourse. Therefore, it doesn't recognise the transferred assets in their entirety in its balance sheet.

The value of factored receivables at each year end are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Total factoring	5,004	2,960

2.12. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

2.13. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14. Reserves

Share Premium – the reserve for shares issued above the nominal value. This also includes the cost of share issues that occurred during the year.

Retained Earnings – the retained earnings reserve includes all current and prior periods retained profit and losses.

Share Option Reserve – represents share options awarded by the Company.

Other Reserves comprise the following:

Capital Redemption Reserve – the capital redemption reserve is the amount equivalent to the nominal value of shares redeemed by the Group.

Foreign Currency Translation Reserve - represents the translation differences arising from translating the financial statement items from functional currency to presentational currency.

Deferred Shares – are shares that effectively do not have any rights or entitlements.

Hedging Reserve – includes derivative instruments used for cash-flow hedging.

Fair-value Reserve – represents the changes of values in certain assets.

2.15. Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.16. Provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The increase in provisions due to the passage of time is included in the Consolidated Income Statement.

2.17. Borrowings

Bank and Other Borrowings

Interest-bearing bank loans and overdrafts and other loans are recognised initially at fair value less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the period to redemption on an effective interest basis.

2.18. Taxation

Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets (including those arising from investments in subsidiaries), are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be used.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the period when the deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

2.19. Non-Underlying Items

Non-underlying items are a non UK IAS measure, but the Group have disclosed these separately in the financial statements, where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items that are not expected to be recurring or do not relate to the ongoing operations of the Group's business and non-cash items which distort the underlying performance of the business.

2.20. Revenue Recognition

Group revenue arises from the sale of goods and contracting services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services supplied in course of ordinary business, stated net of discounts, returns and value added taxes. The Group recognises revenue in accordance with IFRS 15, identifying performance obligations within its contracts with customers, determining the transaction price applicable to each of these performance obligations and selecting an appropriate method for the timing of revenue recognition, reflecting the

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substance of the performance obligation at either a point in time or over time.

Sale of goods

The majority of the Group's revenue is derived from the sale of physical goods to customers. Depending on whether the goods are delivered to or collected by the customer, the contract contains either one performance obligation which is satisfied at the point of collection, or two performance obligations which are satisfied simultaneously at the point of delivery. The performance obligation of products sold are transferred according to the specific terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed as evidence that they have accepted the product delivered to them.

The transaction price for this revenue is the amount which can be invoiced to the customer once the performance obligations are fulfilled, reduced to reflect provisions recognised for returns, trade discounts and rebates. The Group does not routinely offer discounts or volume rebates, but where it does the variable element of revenue is based on the most likely amount of consideration that the Group believes it will receive. This value excludes items collected on behalf of third parties, such as sales and value added taxes.

For all sales of goods, revenue is recognised at a point in time, being the point that the goods are transferred to the customer.

Contracting services

The majority of contracting services revenue arises from contract surfacing work, which typically comprises short-term contracts with a performance obligation to supply and lay product. Other contracting services revenue can contain more than one performance obligation dependent on the nature of the contract.

The transaction price is calculated as consideration specified by the contract, adjusted to reflect provisions recognised for returns, remedial work arising in the normal course of business, trade discounts and rebates.

Where the contract provides for elements of variable consideration, these values are included in the calculation of the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. Where the transaction price is allocated between multiple performance obligations on other contracts, this typically reflects the allocation of value to each performance obligation agreed with the end customer, unless this does not reflect the economic substance of the transaction.

Performance obligations for contracting services are satisfied over time. Revenue is therefore recognised over time on an output basis, being volume of product laid for contract surfacing. As the performance obligations relating to contracting revenues have an expected duration less than 12 months, the Group has taken the practical expedient on the performance obligations disclosures.

2.21. Finance Income

Interest income is recognised using the effective interest method.

2.22. Employee Benefits - Defined contribution plans

The Group maintains defined contribution plans for which the Group pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis and will have no legal or constructive obligation to pay further amounts. The Group's contributions to defined contribution plans are charged to the Income Statement in the period to which the contributions relate.

2.23. Employee Benefits - Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting the amount and deducting the fair value of any plan assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) for the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense relating to defined benefit plans are recognised in profit or loss in net financial items.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on the curtailment is recognised immediately in the profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.24. Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third-party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third-party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Consolidated Income Statement of Comprehensive Income or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.25. Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. The Group operates several business units which are constantly reviewed to ensure profitability. During 2019 it was determined that the flagging & paving division at CCP's Bury site was loss making and therefore it was decided that the operations at this site be discontinued. For further information, refer to Note 14.

2.26. Leases

The Group leases certain plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases under IFRS 16. Finance leases are capitalised on the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Other leases are either small in value or cover a period of less than 12 months.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in Note 24.

Rent payable under operating leases on which the short term exemption has been taken, less any lease incentives received, is charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.27. Prior year restatement

During the year, the prior year accounting treatment of the PPA on acquisitions has been revisited. The fair value uplift on assets acquired as part of the PPA exercise should have resulted in a deferred tax liability being recognised in accordance with IFRS 3 and IAS 12. As a result, a prior year restatement to include deferred tax with acquired goodwill increasing by the same amount has been reflected within the financial statements. There are no changes to the prior period income statement, statement of comprehensive income, statement of changes in equity or the statement of cash flows. See Note 39 for details of the impact on the financial statement.

3. Financial Risk Management

3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the UK based management team under policies approved by the Board of Directors.

a) Market Risk

The Group is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Group has not sensitised the figures for fluctuations in interest rates, foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Group has a strong focus on operational gearing, allowing it to be flexible during economically disruptive events however the Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, derivative financial instruments and, principally, from the Group's receivables from customers.

Management monitors the exposure to credit risk on an ongoing basis and have credit insurance at a number of its subsidiaries. The Nordkalk entities don't hold credit

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insurance as they have a stable customer base with minimal credit losses. No credit limits were exceeded during the period, and management does not expect any losses from non-performance by these counterparties.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2022 £'000	31 December 2021 £'000
Trade and other receivables	91,064	78,013
Cash and cash equivalents	68,623	69,916
	159,687	**147,929**

Credit risk associated with cash balances is managed and limited by transacting with financial institutions with high-quality credit ratings.

Trade and other receivables

The Group's exposure to credit risk stems mainly from the individual characteristics of each customer. However, management also considers the factors that could influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness, before the Group's standard payment and delivery terms and conditions are offered to the customer. The Group's review includes external ratings, when available, and in some cases bank references.

Most of the Group's customers have been trading with the Group for years, and no major credit losses have occurred with these customers. Credit risk is monitored by grouping customers according to their credit characteristics, including whether they are individuals or legal entities and whether they are wholesale, retail or end-user customers, as well as by geographic location, industry and the existence of previous financial difficulties.

The maximum exposure to credit risk for trade and other receivables by reportable segment, was:

	31 December 2022 £'000	31 December 2021 £'000
North West	21,505	18,731
West	13,387	9,103
North East	56,172	50,179
	91,064	**78,013**

Impairment

At the reporting date the ageing of the trade receivables that were not impaired, were as follows.

	31 December 2022 £'000	31 December 2021 £'000
Total trade receivables	79,261	66,166
Not overdue	68,051	47,345
Overdue 1 – 30 days	8,913	14,211
Overdue 31 – 60 days	1,491	1,996
Overdue 61 – 90 days	437	815
More than 90 days	554	1,799
Impairment loss recognised	(185)	(182)

Provisions for impairment of trade and other receivables are calculated on a lifetime expected loss model in line with the simplified approach available under IFRS 9 for Trade Receivables. The key inputs in determining the level of provision are the historical level of bad debts experienced by the Group and ageing of outstanding amounts. Movements during the year were as follows:

	31 December 2022 £'000	31 December 2021 £'000
At January 1	1,060	763
Amounts arising from business combinations	36	571
Charged to the Consolidated income statement during the year	132	182
Movement in provision	(846)	(456)
	382	**1,060**

Derivatives

Subsidiary currency risks are hedged by the parent or ultimate parent acting as counterparty in currency forward deals. External currency hedging is performed by finance and treasury functions as appropriate. In such deals, the counterparty is a bank or financial institution with a rating at least Baa3 from Moody's rating agency. A comparable credit rating from a reputable credit rating agency is acceptable. Exceptions may be granted on an individual basis in rare cases where a bank is chosen for geographical reasons, but does not fulfil the stipulated rating criteria.

Items hedged against are CO_2 emission rights, forecast energy consumption, loans in foreign currency and forecast earnings.

c) Currency Risk

Following the Nordkalk acquisition, the Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Pound, the Euro, the Polish Zlothy (PLN) and the Swedish Krona (SEK). The currencies in which these transactions are primarily denominated are GBP, EUR, PLN and SEK. Additional exposures may arise from purchase of fuel in USD.

At any point in time, the Group hedges on average 60 to 100% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12-18 months. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of up to 12 months from the reporting date.

Borrowings are, with a few exceptions, denominated in the subsidiaries domestic currencies.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure remains at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

Currency risk sensitivity to a +/- 10% change in the exchange rate is shown for the net currency position per currency. The summary of quantitative data relating to the Group's exposure to currency risk as reported to the Group management is as follows:

2022

GBP thousand	USD	SEK	NOK	PLN
Gross exposure	(17,126)	17,028	(3,571)	(1,185)
Hedged	17,532	(14,068)	3,012	720
Net exposure	**406**	**2,960**	**(559)**	**(465)**
Sensitivity analysis (+/- 10%)	**41**	**296**	**(56)**	**(47)**

d) Liquidity Risk

The Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations owing to the continued support of the lenders and a history of successful capital raises. Controls over expenditure are carefully managed.

2022 Contractual cash flows	**1-12 months £'000**	**1-2 years £'000**	**2-5 years £'000**	**More than 5 years £'000**
Non-derivative financial liabilities				
Loans	26,500	29,879	177,503	1,577
Trade payables	69,907	-	-	-
	96,407	**29,879**	**177,503**	**1,577**
Derivative financial liabilities				
Forward exchange contracts used for hedging	556	-	-	-
Electricity hedges	825	526	26	-
	1,381	**526**	**26**	**-**

The outflows disclosed in the above tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposed and which are not usually closed out before contractual maturity.

The interest payments on the variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change in line with changes in market interest rates. The future cash flows from derivative instruments may differ from the amount in the above table as interest rates and exchange rates change. With the exception of these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3.2. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its construction material investment activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

The Group defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned operational activities and the Company may issue new shares in order to raise further funds from time to time.

The gearing ratio at 31 December 2022 is as follows:

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Total borrowings (Note 24)	262,476	233,923
Less: Cash and cash equivalents (Note 22)	(68,623)	(69,916)
Net debt	193,853	164,007
Total equity	469,850	411,154
Total capital	**663,703**	**575,161**
Gearing ratio	**0.29**	**0.29**

Notes to the financial statements

4. Critical Accounting Estimates

The preparation of the Financial Statements, in conformity with UK IASs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

a) Land and Mineral Reserves

The determination of fair values of land and mineral reserves are carried out by appropriately qualified persons in accordance with the Appraisal and Valuation standards published by the Royal Institution of Chartered Surveyors. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements and production costs along with geological assumptions and judgements.

The PPAs included the revaluation of land and minerals based on the estimated remaining reserves within St John's, Les Vardes, Aberdo, Carrières du Hainaut, Harries and Nordkalk quarries. These are then valued based on the estimated remaining life of the mines and the net present value for the price per tonnage.

b)Estimated Impairment of Goodwill

The determination of fair values of assets acquired and liabilities assumed in a business combination involves the use of estimates and assumptions; such as discount rates used and valuation models applied as well as goodwill allocation.

Goodwill has a carrying value of £115.2 million as at 31 December 2022 (31 December 2021: £293 million). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6 to the Financial Statements.

Management has concluded that an impairment charge was not necessary to the carrying value of goodwill for the period ended 31 December 2022 (31 December 2021: £nil). See Note 2.6 to the Financial Statements.

c) Restoration Provision

The Group's provision for restoration costs has a carrying value at 31 December 2022 of £6.1 million (31 December 2021: £4.3 million) and relate to the removal of the plant and equipment held at quarries in the Channel Islands, United Kingdom and Northern Europe. The cost of removal was determined by management for the removal and disposal of the machinery at the point of which the reserves are no longer available for business use.

The restoration provision is a commitment to restore the site to a safe and secure environment. The provisions are reviewed annually.

d) Fair Value of Share Options

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration packages.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 29 to the Financial Statements.

e) Valuation and timing of deferred consideration

As part of the acquisition of Harries, the Group has agreed to pay royalty payments over the next 10 years with a minimum total value of £10m. The estimated present value of these payments is £5.1m. In determining this value, management must make critical estimates as to the timing, value and cost of money of these payments.

f) Recognition of deferred tax assets

Uncertainty exists related to the availability of future taxable profit against which tax losses carried forward can be used, however deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. Further information on income taxes is disclosed in Note 15.

g) Defined benefit obligations – actuarial assumptions

The present value of the pension obligations is subject to actuarial assumptions used by actuaries to calculate these obligations. Actuarial assumptions include the discount rate, the annual rate of increase in future compensation levels and inflation rate. Further details on assumptions used are disclosed in Note 26.

h) Fair value of financial instruments

The fair values of financial instruments that cannot be determined based on quoted market prices and rates are established using different valuation techniques. The Group uses judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. Factors regarding valuation techniques and their assumptions could affect the reported fair values.

5. Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2022 (2021: nil).

6. Segment Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the periods presented the Group has three geographical regions, North West which comprises of PPG, England, Wales and Channel Islands; West which comprises of Dimension Stone and Benelux; and North East which comprises of Quicklime, Nordics, Poland and Baltics. Activities in the North West, West and North East regions relate to the production and sale of construction material products and services.

	31 December 2022			
	North West £'000	West £'000	North East £'000	Total £'000
Revenue	139,709	87,365	310,919	**537,993**
Profit from operations per reportable segment	36,444	22,478	57,015	**115,937**
Additions to non-current assets	62,400	6,137	28,612	**97,149**
Reportable segment assets	221,317	138,823	606,788	**966,928**
Reportable segment liabilities	342,255	27,806	127,017	**497,078**

	31 December 2021			
	North West £'000	West £'000	North East £'000	Total £'000
Revenue	103,363	72,668	95,956	**271,987**
Profit from operations per reportable segment	24,094	20,050	17,775	**61,919**
Additions to non-current assets	(6,527)	10,611	378,174	**382,258**
Reportable segment assets (restated)	166,641	119,631	495,570	**781,842**
Reportable segment liabilities (restated)	253,441	27,714	89,533	**370,688**

7. Revenue

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Upstream products	75,244	44,190
Value added products	401,012	198,107
Value added services	52,292	24,064
Other	9,445	5,626
	537,993	**271,987**

Upstream products revenue relates to the sale of aggregates and cement. Value added products is the sale of finished goods that have undertaken a manufacturing process within each of the subsidiaries. Value added services consists of the transportation, installation and contracting services provided.

All revenues from upstream and value added products relate to products for which revenue is recognised at a point in time as the product is transferred to the customer. Value added services revenues are accounted for as products and services for which revenue is recognised over time.

The Group contract revenue for the year ended 31 December 2022 was £24.9 million.

8. Expenses by Nature

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Cost of sales		
Changes in inventories of finished goods and work in progress	9,003	10,854
Raw materials & production	198,984	75,452
Distribution & selling expenses	43,671	18,622

Notes to the financial statements

Employees & contractors	71,936	48,698
Maintenance expense	21,543	12,556
Plant hire expense	6,449	5,374
Depreciation & amortisation expense	30,085	17,156
Other costs of sale	40,385	21,356
Total cost of sales	**422,056**	**210,068**
Administrative expenses		
Operational admin expenses	42,455	30,175
Corporate admin expenses	22,815	27,351
Total administrative expenses	**65,270**	**57,526**

Corporate administrative expenses include £14.1 million of non-underlying expenses (refer to Note 11).

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company and Consolidated Financial Statements	414	360
Fees payable to the Company's auditor and its associates for tax services	-	-
Fees paid or payable to the Company's auditor and its associates for due diligence and transactional services associated with the readmission of the Company trading on AIM	117	300
Fees paid to the Company's auditor for other services	-	-
	531	**660**

9. Employee Benefits Expense

	Consolidated		Company	
Staff costs (excluding directors)	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Salaries and wages	87,682	54,071	2,990	2,104
Post-employment benefits	250	278	28	80
Social security contributions and similar taxes	1,891	1,679	329	386
Other employment costs	8,594	8,436	2	17
	98,417	**64,464**	**3,349**	**2,587**

	Consolidated		Company	
Average number of FTE employees by function	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Management	69	85	6	5
Operations	1,550	1,371	-	-
Administration	426	409	4	4
	2,045	**1,865**	**10**	**9**

10. Directors' Remuneration

31 December 2022	Directors' fees £'000	Bonus £'000	Taxable benefits £'000	Pension benefits £'000	Options issued £'000	Total £'000
Executive Directors						
David Barrett	375	469	15	-	-	859
Garth Palmer	375	469	15	40	-	899
Max Vermorken	475	594	15	60	-	1,144
Non-executive Directors						
Timothy Hall	50	-	-	-	-	50
Simon Chisholm	50	-	-	5	-	55
Jacques Emsens	50	-	-	-	-	50
Axelle Henry[1]	34	-	-	-	-	34
	1,409	**1,532**	**45**	**105**	**-**	**3,091**

31 December 2021	Directors' fees £'000	Bonus £'000	Taxable benefits £'000	Pension benefits £'000	Options issued[4] £'000	Total £'000
Executive Directors						
David Barrett	358	469	14	-	61	902
Garth Palmer[2]	151	180	5	13	52	401
Max Vermorken	456	594	14	30	129	1,223
Non-executive Directors						
Timothy Hall	43	-	-	-	22	65
Dean Masefield[3]	120	-	6	8	-	134
Simon Chisholm	43	-	-	4	-	47
Jacques Emsens	43	-	-	-	-	43
	1,214	**1,243**	**39**	**55**	**264**	**2,815**

[1] Appointed on 26 April 2022.
[2] Garth Palmer was reappointed as CFO on 31 August 2021. His bonus was performance based for the period 31 August 2021 to 31 December 2021.
[3] Resigned on 31 August 2021.
[4] Options issued relate to options granted in the 2019 financial year and vesting in the 2021 financial year.

The bonuses earned in the year by the Directors reflect the performance of the business, were based on industry standard criteria taking into account external market data, were recommended by the Remuneration Committee and approved by the Board.

Notes to the financial statements

11. Non-underlying Items

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Acquisition related expenses	4,345	20,125
Amortisation and remeasurement of acquired assets	6,761	1,888
Amortisation of finance costs	1,085	784
Restructuring expenses	1,780	2,334
Innovation	497	-
Discontinued operations	97	169
Share option expense	4,670	2,321
Unwinding of discount on deferred consideration	443	825
Net other non-underlying expenses & gains	335	614
	20,013	**29,060**

Under IFRS 3 – Business Combinations, acquisition costs have been expensed as incurred. Additionally, the Group incurred costs associated with obtaining debt financing, including advisory fees to restructure the Group to satisfy lender requirements.

Acquisition related expenses include costs relating to the due diligence of prospective pipeline acquisitions, stamp duty on completed acquisitions, warranty & indemnity insurance and other direct costs associated with merger & acquisition activity. During the year the Group acquired Johnston Quarry Group, RightCast and La Belonga and undertook due diligence on numerous other prospective acquisitions.

Amortisation and remeasurement of acquired assets are non-cash items which distort the underlying performance of the businesses acquired. Amortisation of acquired assets arise from certain fair value uplifts resulting from the PPA. Remeasurement of acquired assets arises from ensuring assets from acquisitions are depreciated in line with Group policy.

Restructuring expenses relate to the reorganisation and integration of recently acquired subsidiaries, including costs associated with site optimisation, transitional salary costs, redundancies, severance & recruitment fees, and costs associated with financial reporting and system migrations.

Share option expense is the fair value of the share options issued during the year and also includes fair value adjustment in 2022 resulting from changes to certain option exercise dates, refer to Note 29 more information.

Unwinding of discount on deferred consideration is a non-cash adjustment relating to deferred consideration arising on acquisitions.

Amortisation of finance costs is the amortisation of borrowing costs on the Syndicated Senior Credit Facility. These costs are amortised over a 5-year period.

Discontinued operations include the trading expenses, stock adjustments and redundancies incurred at the Bury site for the period from January 2022 to December 2022. Refer to Note 14 for more information.

Net other non-underlying expenses and gains include other advisory fees and other associated costs.

12. Net Finance (Expense)/Income

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Net interest expense	(9,557)	(5,066)
Dividends	647	37
Other finance expense	(1,085)	(1,145)
Unwinding of discount on deferred consideration	(443)	(825)
	(10,438)	**(6,999)**

13. Other Net Gains/(Losses)

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Gain/(losses) on disposal of property, plant and equipment	1,471	(101)
Other gain/(loss)	20	730
Gain/(loss) on call options	248	632
Impairment	(30)	(2,006)
Share of earnings from joint ventures	786	291
Forex movement	-	788
	2,495	**334**

14. Discontinued Operations

From due diligence undertaken as part of the acquisition of CCP in January 2019, doubts existed over the viability of the flagging & paving division at its site in Bury. After a detailed review it was determined that the business unit was loss making and it was decided that the operations at this site be discontinued effective from 1 February 2019.

Financial information relating to the discontinued operation for the period is set out below.

Income statement	31 December 2022 £'000	31 December 2021 £'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administration	(97)	(169)
Other expenses	-	-
Loss from discontinued operation	**(97)**	**(169)**
Basic earnings per share attributable to owners of the parent (expressed in pence per share)	**(0.04)**	**(0.04)**

Cash movement	31 December 2022 £'000	31 December 2021 £'000
Net cash outflow from operating activities	-	(62)
Net cash inflow from investing activities	-	-
Net cash inflow from financing activities	-	-
Net increase / (decrease) in cash generated by the subsidiary	**-**	**(62)**

Notes to the financial statements

15. Taxation

Tax recognised in profit or loss	Consolidated 31 December 2022 £'000	 31 December 2021 £'000
Current tax	(6,960)	(4,529)
Deferred tax	(2,182)	(170)
Total tax charge in the Income Statement	**(9,142)**	**(4,699)**

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits/(losses) of the consolidated entities as follows:

	Consolidated 31 December 2022 £'000	 31 December 2021 £'000
Profit/(loss) on ordinary activities before tax	42,723	(2,272)
Tax on profit on ordinary activities at standard CT rate	**9,806**	**494**
Effects of:		
Expenditure not deductible for tax purposes	1,119	4,874
Deferred tax not recognised	274	1,268
Remeasurement of deferred tax for changes in tax rates	214	(120)
Income not taxable for tax purposes	(2,016)	(903)
Prior year adjustments	(785)	(864)
Depreciation in excess of/(less than) capital allowances	347	(61)
Tax losses	183	11
Tax charge	**9,142**	**4,699**

The weighted average applicable tax rate of 18.26% (2021: 21.74%) used is a combination of the standard rate of corporation tax rate for entities in the United Kingdom of 19% (2021: 19%), 20% on quarrying of minerals and rental property (2021: 20%) in Jersey and Guernsey, 25% (2021: 25%) in Belgium, 20% (2021: 20%) in Finland, 20.6% (2021: 20.6%) in Sweden, 19% (2021: 19%) in Poland and 20% (2021: 20%) in Estonia.

Deferred Tax Asset	Tax losses	Temporary timing differences	Total
At 1 January 2022	**-**	**3,129**	**3,129**
Acquisition of subsidiary	-	-	-
Charged/(credited) directly to equity	-	1,295	1,295
At 31 December 2022	**-**	**4,424**	**4,424**

Deferred Tax Liability	Tax losses	Temporary timing differences	Total
As at 1 January 2022 (as previously stated)	**(128)**	**5,318**	**5,190**
Prior year adjustment - refer to Note 39	-	12,527	12,527
As at 1 January 2022 (as restated)	**(128)**	**17,845**	**17,717**
Acquisition of subsidiary	-	827	827
Arising on fair value adjustments on PPA	-	47,127	47,127
Charged/(credited) directly to income statement	-	2,933	2,933
At 31 December 2022	**(128)**	**68,732**	**68,604**

Deferred income tax assets of £4.4 million (2021: £3.1 million) are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. Deferred tax liabilities of £68.6 million (2021: 5.2 million) are recognised in full.

16. Property, Plant and Equipment

Cost	Office Equipment £'000	Land and minerals £'000	Land and buildings £'000	Plant and machinery £'000	Vehicles	Right of use £'000	Construction in progress £'000	Total £'000
				Consolidated				
As at 1 January 2021	**4,225**	**104,379**	**45,949**	**98,498**	**24,537**	**-**	**1,247**	**278,835**
Acquired through acquisition	210	81,482	70,622	193,425	3,813	-	10,504	360,056
Transfer between classes	-	-	1,149	(122)	342	-	(1,369)	-
Fair value adjustment	-	3,433	1,539	-	-	-	-	4,972
Additions	364	3,324	3,768	9,944	2,294	-	2,861	22,555
Disposals	-	(190)	(592)	(7,764)	(6,008)	-	-	(14,554)
Forex	(206)	(2,461)	(1,202)	(4,063)	(383)	-	-	(8,315)
As at 31 December 2021	**4,593**	**189,967**	**121,233**	**289,918**	**24,595**	**-**	**13,243**	**643,549**
As at 1 January 2022	**4,593**	**189,967**	**121,233**	**289,918**	**24,595**		**13,243**	**643,549**
Acquired through acquisition	157	-	20,601	15,294	227	2,052	38	38,369
Transfer between classes	-	74	(5,722)	(24,217)	(2,350)	35,014	(2,799)	-
Fair value adjustment	-	211,629	10,508	12,450	3	-	-	234,590
Additions	222	2,051	15,160	24,274	1,491	5,926	1,884	51,008
Disposals	(56)	(468)	(4,525)	(2,888)	(2,356)	(2,862)	-	(13,156)
Forex	177	2,881	653	10,382	915	(696)	(671)	13,642
As at 31 December 2022	**5,093**	**406,134**	**157,908**	**325,213**	**22,525**	**39,434**	**11,695**	**968,002**
Depreciation								
As at 1 January 2021	**3,817**	**11,373**	**25,084**	**76,737**	**17,031**	**-**	**-**	**134,042**
Transfer between classes	-	-	-	(309)	309	-	-	-
Acquired through acquisition	150	57,487	40,927	149,510	3,114	-	-	251,188
Charge for the year	267	2,396	3,423	10,038	1,635	-	-	17,759
Disposals	-	-	(592)	(7,298)	(3,087)	-	-	(10,977)
Impairment	-	-	380	684	-	-	-	1,064
Forex	(194)	(1,082)	(829)	(3,088)	(770)	-	-	(5,963)
As at 31 December 2021	**4,040**	**70,174**	**68,393**	**226,274**	**18,232**	**-**	**-**	**387,113**
As at 1 January 2022	**4,040**	**70,174**	**68,393**	**226,274**	**18,232**		**-**	**387,113**
Transfer between classes	-	-	(1,850)	(14,533)	(1,101)	17,484	-	-
Acquired through acquisition	77	-	8,693	7,588	32	392	-	16,782
Charge for the year	208	6,548	5,139	14,996	1,303	6,257	-	34,451
Disposals	(55)	-	(91)	(1,597)	(1,742)	(907)	-	(4,392)
Forex	170	3,179	1,098	6,580	613	(780)	-	10,860
As at 31 December 2022	4,440	79,901	81,382	239,308	17,337	22,446	-	444,814
Net book value								
As at 31 December 2021	**553**	**119,793**	**52,840**	**63,644**	**6,363**	**-**	**13,243**	**256,436**
As at 31 December 2022	**653**	**326,233**	**76,526**	**85,905**	**5,188**	**16,988**	**11,695**	**523,188**

The transfer between classes relates to reclassing the assets which are right of use assets.

Notes to the financial statements

Cost	Company Office Equipment £'000	Land & Buildings £'000	Right of use £'000	Motor Vehicle £'000	Total £'000
As at 1 January 2021	**30**	**54**	**25**	**-**	**109**
Additions	215	211	-	-	426
Disposals	-	-	-	-	-
As at 31 December 2021	**245**	**265**	**25**	**-**	**535**
As at 1 January 2022	**245**	**265**	**25**	**-**	**535**
Transfer between classes	-	(265)	(25)	290	-
Fair value adjustment	-	-	-	(68)	(68)
Additions	14	-	-	-	14
Disposals	-	-	-	-	-
As at 31 December 2022	**259**	**-**	**-**	**222**	**481**
Depreciation					
As at 1 January 2021	**22**	**27**	**8**	**-**	**57**
Charge for the year	28	13	8	-	49
Disposals	-	-	-	-	-
As at 31 December 2021	**50**	**40**	**16**	**-**	**106**
As at 1 January 2022	**50**	**40**	**16**	**-**	**106**
Transfer between classes	-	(40)	(16)	56	-
Charge for the year	50	-	-	68	118
Disposals	-	-	-	-	-
As at 31 December 2022	**100**	**-**	**-**	**124**	**224**
Net book value					
As at 31 December 2021	**195**	**225**	**9**	**-**	**429**
As at 31 December 2022	**159**	**-**	**-**	**98**	**257**

17. Intangible Assets

	Consolidated Goodwill £'000	Customer Relations £'000	Intellectual property £'000	Research & Development £'000	Branding £'000	Other Intangibles £'000	Total £'000
Cost & net book value							
As at 1 January 2021	**39,966**	**3,333**	**471**	**1,237**	**3,398**	**400**	**48,805**
Additions	-	-	-	-	-	62	62
Additions through business combination	260,944	-	-	331	-	6,387	267,663
Price Purchase Allocation – Harries	(4,098)	-	-	-	-	-	(4,098)
Amortisation	-	(517)	(85)	(594)	(160)	-	(1,356)
Impairment	-	-	-	(400)	-	(400)	(800)
Forex	(3,373)	-	-	(3)	-	(463)	(3,839)
As at 31 December 2021	**293,439**	**2,816**	**386**	**571**	**3,238**	**5,986**	**306,436**
As at 1 January 2022 (As previously stated)	**293,439**	**2,816**	**386**	**571**	**3,238**	**5,986**	**306,436**
Prior year adjustment – refer to note 39	12,527	-	-	-	-	-	12,527
As at 1 January 2022 (As restated)	**305,966**	**2,816**	**386**	**571**	**3,238**	**5,986**	**318,963**
Additions	-	-	-	-	-	1,713	1,713
Additions through business combination	89,096	-	-	-	-	-	89,096
Price Purchase Allocation – B-Mix	(4,429)	-	-	-	-	-	(4,429)
Price Purchase Allocation – Nordkalk	(233,955)	3,795	-	-	-	-	(230,160)
Amortisation	-	(826)	(85)	(87)	(160)	(1,507)	(2,665)
Forex	17,147	-	-	-	-	210	17,357
As at 31 December 2022	**173,825**	**5,785**	**301**	**484**	**3,078**	**6,402**	**189,875**

An adjustment has been made to reflect the initial accounting for the acquisition of B-Mix and Nordkalk by the Company, being An adjustment has been made to reflect the initial accounting for the acquisition of B-Mix and Nordkalk by the Company, being the elimination of the investment in B-Mix and Nordkalk against the non-monetary assets acquired and recognition of goodwill. In 2022, the Company determined the fair value of the net assets acquired pursuant to the acquisition of B-Mix and Nordkalk, via a Purchase Price Allocation ('PPA') exercise. For B-Mix, the PPA determined a decrease of £4.4 million of goodwill with the corresponding movement to uplift the value of the Land and Buildings. For Nordkalk, the PPA determined a decrease of £234 million of goodwill with the corresponding movement to uplift the value of the Customer relations, Vehicles, Land and Buildings and Land and Minerals.

The goodwill total is made up of £40.2 million for Johnston, £81.3 million for Nordkalk, £24.7 million for the PPG Platform, £3.7 million for the Benelux platform, £16.7 million for Dimension Stone, £3.2 million for Harries, £3.7 million for the Ronez and £327,000 for La Belonga.

The intangible asset classes are:

- Goodwill is the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets.
- Customer relations is the value attributed to the key customer lists and relationships.
- Intellectual property is the patents owned by the Group.
- Research and development is the acquiring of new technical knowledge and trying to improve existing processes or products or; developing new processes or products.
- Branding is the value attributed to the established company brand.
- Other intangibles consist of capitalised development costs for assets produced that assist in the operations of the Group and incur revenue.

Amortisation of intangible assets is included in cost of sales on the Income Statement. Development costs have been capitalised in accordance with the requirements of IAS 38 and are therefore not treated, for dividend purposes, as a realised loss.

Notes to the financial statements

Impairment tests for goodwill

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that the goodwill may be impaired. Goodwill is allocated to groups of cash generating units according to the level at which management monitor that goodwill, which is at the level of operating segments.

The sixteen operating segments are considered to be Ronez in the Channel Islands; Topcrete, Poundfield, CCP, RightCast, Harries and Johnston in the UK; CDH, Stone, GduH and B-Mix in Belgium; and Quicklime, Nordics, Baltics and Poland in Northern Europe.

Key assumptions

The key assumptions used in performing the impairment review are set out below:

Cash flow projections

Cash flow projections for each operating segment are derived from the annual budget approved by the Board for 2023 and the five year plan to 2027. The key assumptions on which budgets and forecasts are based include sales volumes, product mix and operating costs. These cash flows are then valued using a discounted cashflow model, with a terminal value based on a perpetuity growth model. Budgeted cash flows are based on past experience and forecast future trading conditions. Budgeted cash flows are based on past experience and forecast future trading conditions.

Long-term growth rates

Cash flow projections are prudently based on 2% and therefore provides plenty of headroom.

Discount rate

Forecast cash flows for each operating segment have been discounted at rates of 10%; which was calculated based on market participants' cost of capital and adjusted to reflect factors specific to each operating segment.

Sensitivity

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these consolidated Financial Statements. This demonstrated that a 1% increase in the discount rate would not cause an impairment and the annual growth rate is assumed to be 2%.

The Directors have therefore concluded that no impairment to goodwill is necessary.

18. Investment in Subsidiary Undertakings

	Company	
	31 December 2022 £'000	**31 December 2021 £'000**
Shares in subsidiary undertakings		
At beginning of the year	**435,085**	**120,039**
Additions	47,537	315,046
Disposals	-	-
At period end	**482,622**	**435,085**
Loan to/(from) Group undertakings	100,799	119,110
Total	**583,421**	**554,195**

Investments in Group undertakings are stated at cost less impairment.

Details of subsidiaries at 31 December 2022 are as follows:

Name of subsidiary	Country of incorporation	Share capital held by Company	Share capital held by Group	Principal activities
SigmaFin Limited	England	£45,181,877		Holding company
Foelfach Stone Limited	England		£1	Construction materials
SigmaGsy Limited	Guernsey		£1	Shipping logistics
Ronez Limited	Jersey		£2,500,000	Construction materials
Pallot Tarmac (2002) Limited	Jersey		£2	Road contracting services
Island Aggregates Limited	Guernsey		£6,500	Waste recycling
Topcrete Limited	England		£926,828	Pre-cast concrete producer
A. Larkin (Concrete) Limited	England		£37,660	Dormant
Allen (Concrete) Limited	England		£100	Holding company
Poundfield Products (Group) Limited	England	£22,167		Holding company
Poundfield Products (Holdings) Limited	England		£651	Holding company
Poundfield Innovations Limited	England		£6,357	Patents & licencing
Poundfield Precast Limited	England		£63,568	Pre-cast concrete producer
Greenbloc Limited	England		£1	Dormant
CCP Building Products Limited	England	£50		Construction materials
Cheshire Concrete Products Limited	England		£1	Dormant
Clwyd Concrete Products Limited	England		£100	Dormant
Country Concrete Products Limited	England		£100	Dormant
CCP Trading Limited	England		£100	Dormant
CCP Aggregates Limited	England		£100,000	Construction materials
CDH Développement SA	Belgium	€23,660,763		Holding company
Carrières du Hainaut SCA	Belgium		€16,316,089	Construction materials
Granulats du Hainaut SA	Belgium		€62,000	International marketing
CDH Management 2 SPRL	Belgium		€760,000	Holding company
GDH (Holdings) Limited	England		£54,054	Construction materials
Gerald D. Harries & Sons Limited	England		£112	Construction materials
GD. Harries & Sons Limited	England		£1	Dormant
Stone Holding Company SA	Belgium		€100	Construction materials
Cuvelier Philippe SA	Belgium		€750	Construction materials
B-Mix Beton NV	Belgium		€680,600	Concrete producer
J&G Overslag en Kraanbedrijf BV	Belgium		€18,600	Concrete producer
Top Pomping NV	Belgium		€62,000	Concrete producer
Nordkalk Oy Ab	Finland		€1,000,000	Limestone quarrying and processing
Nordkalk AB	Sweden		€2,439,000	Limestone quarrying and processing
Kalkproduktion Storugns AB	Sweden		€293,000	Limestone quarrying and processing
Nordkalk AS	Estonia		€959,000	Limestone quarrying and processing

Notes to the financial statements

Name of subsidiary	Country of incorporation	Share capital held by Company	Share capital held by Group	Principal activities
Nordkalk GmbH	Germany		€50,000	Limestone quarrying and processing
Nordkalk Sp.z o.o	Poland		€19,637,000	Limestone quarrying and processing
Suomen Karbonaatti Oy	Finland		€2,102,000	Limestone quarrying and processing
NKD Holding Oy Ab	Finland		€3,000	Holding company
Nordeka Maden A.S	Turkey		€1,020,000	Limestone quarrying and processing
Baltic Aggregates Oy	Finland		€1	Crushing stone
NK – East Oy	Finland		€8,869	Holding company
Nordkalk Ukraine TOV	Ukraine		€539	Mining rights
Nordkalk Prykarpattya TOV	Ukraine		€308	Dormant
Johnston Quarry Group Limited	England		£190	Holding company
Building Stone Limited	England		£1	Stone producing
CSSL No.2 Limited	England		£1	Dormant
Guiting Quarry Limited	England		£100	Construction materials
Bath Stone Group Limited	England		£110	Holding company
Monks Park Minerals Limited	England		£1	Dormant
Stoke Hill Minerals Limited	England		£13,620	Minerals rights
The Bath Stone Company Limited	England		£1	Construction materials
Hartham Park Minerals Limited	England		£1	Dormant
Costwold Stone Sales Limited	England		£1	Dormant
Flick Quarry Limited	England		£1	Dormant
Creeton Quarry Limited	England		£100	Dormant
Oathill Quarry Limited	England		£1	Dormant
Ropsley Quarry Limited	England		£100	Dormant
Righcast Limited	England		£103	Concrete manufacturer
Canteras La Belonga SA	Spain		€273,575	Construction materials

Name of subsidiary	Registered office address
SigmaFin Limited	6 Heddon Street, London W1B 4BT
Foelfach Stone Limited	6 Heddon Street, London W1B 4BT
SigmaGsy Limited	Les Vardes Quarry, Route de Port Grat, St Sampson, Guernsey, GY2 4TF
Ronez Limited	Ronez Quarry, La Route Du Nord, St John, Jersey, JE3 4AR
Pallot Tarmac (2002) Limited	Ronez Quarry, La Route Du Nord, St John, Jersey, JE3 4AR
Island Aggregates Limited	Les Vardes Quarry, Route de Port Grat, St Sampson, Guernsey, GY2 4TF
Topcrete Limited	38 Willow Lane, Mitcham, Surrey, CR4 4NA
A. Larkin (Concrete) Limited	38 Willow Lane, Mitcham, Surrey, CR4 4NA
Allen (Concrete) Limited	38 Willow Lane, Mitcham, Surrey, CR4 4NA
Poundfield Products (Group) Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Poundfield Products (Holdings) Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Poundfield Innovations Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Poundfield Precast Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Greenbloc Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
CCP Building Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
Cheshire Concrete Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
Clwyd Concrete Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
Country Concrete Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
CCP Trading Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
CCP Aggregates Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
CDH Développement SA	Rue de Cognebeau 245, B-7060 Soignies, Belgium
Carrières du Hainaut SCA	Rue de Cognebeau 245, B-7060 Soignies, Belgium
Granulats du Hainaut SA	Rue de Cognebeau 245, B-7060 Soignies, Belgium
CDH Management 2 SPRL	Rue de Cognebeau 245, B-7060 Soignies, Belgium
GDH (Holdings) Limited	Rowlands View, Templeton, Narbeth, SA67 8RG
Gerald D. Harries & Sons Limited	Rowlands View, Templeton, Narbeth, SA67 8RG
GD Harries & Sons Limited	6 Heddon Street, London W1B 4BT
Stone Holding Company SA	Avenue Louise 292, BE-1050 Ixelles, Belgium
Cuvelier Philippe SA	Avenue Louise 292, BE-1050 Ixelles, Belgium
B-Mix Beton NV	Kanaalweg 110, B-3980 Tessenderlo, Belgium
J&G Overslag en Kraanbedrijf BV	Kanaalweg 110, B-3980 Tessenderlo, Belgium
Top Pomping NV	Kanaalweg 110, B-3980 Tessenderlo, Belgium
Nordkalk Oy Ab	Skräbbölentie 18, FI-21600, Parainen, Finland
Nordkalk AB	Box 901, 731 29 Köping
Kalkproduktion Storugns AB	Strugns, 620 34 Lärbro
Nordkalk AS	Lääne-Viru maakond, Väike- Maarja vald, Rakke alevik, F.R Faehlmanni tee 11a, 46301
Nordkalk GmbH	Innungsstrabe 7, 21244 Buchholz in der Nordheide
Nordkalk Sp.z o.o	ul. Plac Na Groblach, nr 21, lok. Miejsc, Krakow, kod 31-101, poczta, Krakow, kraj Polska
Suomen Karbonaatti Oy	Ihalaisen teollisuusalue, 53500 Lappeenranta
NKD Holding Oy Ab	Skräbbölentie 18, 21600 Parainen, Finland

Notes to the financial statements

Name of subsidiary	Registered office address
Nordeka Maden A.S	Levent MH.Cömert Sk. Yapi Kredi Blokl.c Blok no.1 c/17 Besiktas
Baltic Aggregates Oy	Skräbbölentie 18, FI-21600, Parainen, Finland
NK – East Oy	Skräbbölentie 18, FI-21600, Parainen, Finland
Nordkalk Ukraine TOV	Ivana Makukha st. 14, 78000, Ivano-Frankivsk Oblast, Tlumach, Ukraine
Nordkalk Prykarpattya TOV	Galytska st 10, 7600 Ivano-Frankivsk, Ukraine
Johnston Quarry Group Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Building Stone Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
CSSL No.2 Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Guiting Quarry Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Bath Stone Group Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Monks Park Minerals Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Stoke Hill Minerals Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
The Bath Stone Company Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Hartham Park Minerals Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Costwold Stone Sales Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Flick Quarry Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Creeton Quarry Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Oathill Quarry Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
Ropsley Quarry Limited	Westfield Lodge Butchers Hill, Great Tew, Chipping Norton, Oxfordshire, England, OX7 4AD
RightCast Limited	Unit W4 Junction 38 Business Park, Darton, Barnsley, South Yorkshire, S75 5QQ
Canteras La Belonga SA	Oviedo, Cellagu-Latores, 33193, Spain

For the year ended 31 December 2022 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 related to the following subsidiary companies:

- SigmaFin Limited
- Foelfach Stone Limited
- Topcrete Limited
- A. Larkin (Concrete) Limited
- Allen (Concrete) Limited
- Poundfield Products (Group) Limited
- Poundfield Products (Holdings) Limited
- Poundfield Innovations Limited
- Poundfield Precast Limited
- Greenbloc Limited
- CCP Building Products Limited
- Cheshire Concrete Products Limited
- Clwyd Concrete Products Limited
- Country Concrete Products Limited
- CCP Trading Limited
- CCP Aggregates Limited
- GDH (Holdings) Limited
- Gerald D. Harries & Sons Limited
- GD Harries & Sons Limited
- Johnston Quarry Group Limited
- Building Stone Limited
- CSSL No.2 Limited
- Guiting Quarry Limited
- Bath Stone Group Limited
- Monks Park Minerals Limited
- Stoke Hill Minerals Limited
- The Bath Stone Company Limited
- Hartham Park Minerals Limited
- Costwold Stone Sales Limited
- Flick Quarry Limited
- Creeton Quarry Limited
- Oathill Quarry Limited
- Ropsley Quarry Limited
- RightCast Limited

Impairment review

The performance of all companies for the year ended 31 December 2022 are in line with forecasted expectations and as such there have been no indications of impairment.

19. Investment in Equity Accounted Associates & Joint Ventures

Nordkalk has a joint venture agreement with Franzefoss Minerals AS, managing a lime kiln located in Norway which was entered into on 5 August 2004. NorFraKalk AS is the only joint agreement in which the Group participates.

The Group has one non-material local associate in Pargas, Pargas Hyreshus Ab.

	31 December 2022 £'000	31 December 2021 £'000
Interests in associates	576	524
Interest in joint venture	5,942	5,134
	6,518	**5,658**

		Proportion of ownership interest held	
Name	**Country of incorporation**	**31 December 2022**	**31 December 2021**
NorFraKalk AS	Norway	50%	50%

Summarised financial information

NorFraKalk AS - Cost and net book value	31 December 2022 £'000	31 December 2021 £'000
Current assets	8,815	10,184
Non-current assets	7,338	6,507
Current liabilities	3,388	3,989
Non-current liabilities	1,872	2,621
	21,413	**23,301**

	For the period 1 January 2022 to 31 December 2022 £'000	For the period 1 September 2021 to 31 December 2021 £'000
Revenues	20,055	5,694
Profit after tax from continuing operations	1,602	442

Notes to the financial statements

20. Trade and Other Receivables

	Consolidated		Company	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Trade receivables	78,879	66,166	2,555	1,787
Prepayments	4,917	3,598	358	346
Other receivables	3,009	3,490	255	757
	86,805	**73,254**	**3,168**	**2,890**
Non-current				
Other receivables	4,259	4,759	-	-
	4,259	**4,759**	**-**	**-**

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Consolidated		Company	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
UK Pounds	21,479	18,731	3,168	2,890
Euros	49,112	38,435	-	-
Swedish Krona	13,945	14,976	-	-
Zlotys	5,803	5,088	-	-
Ukrainian Hryvnia	-	7	-	-
Turkish Lira	725	666	-	-
Russian Ruble	-	110	-	-
	91,064	**78,013**	**3,168**	**2,890**

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

21. Inventories

	Consolidated	
Cost and net book value	31 December 2022 £'000	31 December 2021 £'000
Raw materials and consumables	26,104	18,642
Finished and semi-finished goods	36,187	22,543
Work in progress	5,489	3,345
	67,780	44,530

The value of inventories recognised as a debit and included in cost of sales was £9 million (31 December 2021: (£10.8 million)).

22. Cash and Cash Equivalents

	Consolidated		Company	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Cash at bank and on hand	68,623	69,916	5,055	19,038
	68,623	**69,916**	**5,055**	**19,038**

All of the Group's cash at bank is held with institutions with a credit rating of at least A-. Exceptions may be granted on an individual basis in rare cases where a bank is chosen for geographical reasons, but does not fulfil the stipulated rating criteria.

The carrying amounts of the Group and Company's cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December 2022 '000	31 December 2021 '000	31 December 2022 '000	31 December 2021 '000
UK Pounds	8,536	25,555	1,576	14,704
Euros	56,322	43,163	3,479	4,334
Swedish krona	1,100	991	-	-
Zlotys	2,479	17	-	-
Ukrainian Hryvnia	20	64	-	-
Turkish Lira	166	112	-	-
Russian Ruble	-	14	-	-
	68,623	**69,916**	**5,055**	**19,038**

23. Trade and Other Payables

	Consolidated		Company	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Current liabilities				
Trade payables	69,907	55,865	2,964	984
Wages Payable	13,662	11,910	1,032	-
Accruals	39,627	19,681	4,475	3,402
VAT payable/(receivable)	3,785	3,975	(12)	(223)
Deferred consideration	5,873	1,331	4,243	730
Other payables	7,589	5,451	824	674
	140,443	**98,213**	**13,526**	**5,567**
Non - Current liabilities				
Deferred consideration	5,051	4,401	5,051	4,401
	5,051	**4,401**	**5,051**	**4,401**

The carrying amounts of the Group and Company's trade and other payables are denominated in the following currencies:

Notes to the financial statements

	Group		Company	
	31 December 2022 '000	31 December 2021 '000	31 December 2022 '000	31 December 2021 '000
UK Pounds	44,493	30,073	16,418	9,539
Euros	69,579	46,161	2,692	429
Swedish krona	21,523	15,924	-	-
Zlotys	9,663	10,336	-	-
Ukrainian Hryvnia	9	9	-	-
Turkish Lira	227	96	-	-
Russian Ruble	-	15	-	-
	145,494	**102,614**	**18,577**	**9,968**

24. Borrowings

	Consolidated		Company	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Non-current liabilities				
Syndicated Senior Credit Facility	206,342	191,937	206,342	191,937
Bank Loans	2,617	73	-	-
Finance lease liabilities	7,375	8,177	-	-
IFRS 16 leases	12,296	12,012	27	131
	228,630	**212,199**	**206,369**	**192,068**
Current liabilities				
Syndicated Senior Credit Facility	20,000	8,000	20,000	8,000
Bank Loans	6,500	5,301	-	-
Finance lease liabilities	2,927	3,442	-	-
IFRS 16 leases	4,419	4,980	72	102
	33,846	**21,723**	**20,072**	**8,102**

In July 2021, the Group entered into a new Syndicated Senior Credit Facility of up to £305 million (the 'Credit Facility') led by Santander UK and including several major UK and European banks. The Credit Facility, which comprises a £205 million committed term facility, a £100 million revolving facility commitment and a further £100 million accordion option. This new facility replaces all previously existing bank loans within the Group.

The Credit Facility is secured by a floating charge over the assets of SigmaFin Limited, Carrieres du Hainaut and Nordkalk and is secured by a combination of debentures, security interest agreements, pledges and floating rate charges over the assets of SigmaRoc plc, SigmaFin Limited, B-Mix, Carrieres du Hainaut and Nordkalk. Interest is charged at a rate between 1.85% and 3.35% above SONIA ('Interest Margin'), based on the calculation of the adjusted leverage ratio for the relevant period. For the period ending 31 December 2022 the Interest Margin was 2.35%.

The carrying amounts and fair value of the non-current borrowings are:

	Carrying amount and fair value	
	31 December 2022 £'000	31 December 2021 £'000
Syndicated Senior Credit Facility	206,342	191,937
Bank Loans	2,617	73
Finance lease liabilities	7,375	20,189
IFRS 16 leases	12,296	
	228,630	**212,199**

Finance Lease Liabilities (including IFRS 16 leases)

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

	Consolidated	
Finance lease liabilities – minimum lease payments	31 December 2022 £'000	31 December 2021 £'000
Not later than one year	7,346	8,037
Later than one year and no later than five years	14,547	14,643
Later than five years	5,124	3,666
	27,017	**26,346**
Future finance charges on finance lease liabilities	3,200	2,265
Present value of finance lease liabilities	**30,217**	**28,611**

For the year ended 31 December 2022, the total finance charges were £0.6 million.

The contracted and planned lease commitments were discounted using a weighted average incremental borrowing rate of 3%.

The present value of finance lease liabilities is as follows:

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
Not later than one year	7,566	8,278
Later than one year and no later than five years	14,983	15,082
Later than five years	5,278	3,776
Present value of finance lease liabilities	**27,827**	**27,136**

Notes to the financial statements

Reconciliation of liabilities arising from financing activities is as follows:

	Consolidated			
	Long-term borrowings £'000	Short-term borrowings £'000	Lease liabilities £'000	Liabilities arising from financing activities £'000
As at 1 January 2022	192,010	13,302	28,611	233,923
Increase/(decrease) through financing cash flows	(10)	(17,371)	(12,980)	(30,361)
Increase from refinancing	26,189	3,023	6,942	36,154
Amortisation of finance arrangement fees	(1,085)	-	-	(1,085)
Increase through obtaining control of subsidiaries	3,205	7,017	4,098	14,320
Transfer between classes	(20,000)	20,000	-	-
Foreign exchange movement	8,650	529	346	9,525
As at 31 December 2022	**208,959**	**26,500**	**27,017**	**262,476**

25. Provisions

	Consolidated	
	31 December 2022 £'000	31 December 2021 £'000
As at 1 January	**10,175**	**6,160**
Acquired on business combination	631	5,721
Deduction	(109)	(1,706)
	10,697	**10,175**

The provision total is made up of £632,011 as a restoration provision for the St John's and Les Vardes sites; £86,812 for the Aberdo site; £172,303 for quarries in Wales; £4.84m for the Nordkalk sites; and £338,943 for the Johnston sites which are all based on the removal costs of the plant and machinery at the sites and restoration of the land. Cost estimates in Jersey and Guernsey are not increased on an annual basis – there is no legal or planning obligation to enhance the sites through restoration. The commitment is to restore the site to a safe environment; thus the provision is reviewed on an annual basis. The estimated expiry on the quarries ranges between 5 – 35 years.

Of the remaining amount, £83,000 is to cover the loss on the Holcim contract in CDH, £106,000 for legal fees, £1.76m for other restructuring costs in the Nordkalk entities and £2.66m is the provision for early retirement in Belgium, where salaried workers can qualify for early retirement based on age. The provision for early retirement consists of the estimated amount that will be paid by the employer to the "early retired workers" till the age of the full pension. Refer to Note 26 for more information.

The future reclamation cost value is discounted by 8% (2021: 7.07%) which is the weighted average cost of capital within the Group.

26. Retirement benefit schemes

The Group sponsors various post-employment benefit plans. These include both defined contribution and defined benefit plans as defined by IAS 19 Employee Benefits.

Defined contribution plans

For defined contribution plans outside Belgium, the Group pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group has no further payment obligation. The contributions are expensed in the year in which they are due. For the year ended, contributions paid into defined contribution plans amounted to £317,000.

Defined benefit plans

The Group has group insurance plans for some of its Belgian, Swedish and Polish employees funded through defined payments to insurance companies. The Belgian pension plans are by law subject to minimum guaranteed rates of return. In the past the minimum guaranteed rates were 3.25% on employer contributions and 3.75% on employee contributions. A law of December 2015 (enforced on 1 January 2016) modifies the minimum guaranteed rates of return applicable to the Group's Belgian pension plans. For insured plans, the rates of 3.25% on employer contributions and 3.75% on employee contributions will continue to apply to the contributions accumulated before 2016. For contributions paid on or after 1 January 2016, a variable minimum guaranteed rate of return with a floor of 1.75% applies. The Group obtained actuarial calculations for the periods reported based on the projected unit credit method.

The Swedish plan provides an old-age pension cover for plan members whereas plan members receive a lump sum payment upon retirement in the Polish plan. Both Swedish and Polish plans are based on collective labour agreements. Through its defined benefit plans, the Group is exposed to a number of risks. A decrease in bond yields will increase the plan liabilities. Some of the Group's pension obligations are linked to inflation and higher inflation will lead to higher liabilities. The majority of the plans obligations are to provide benefits for the life of the plan member, so increases in life expectancy will result in an increase in the plans liabilities.

Employee benefits amounts in the Statement of Financial Position	2022 £'000	2021 £'000
Assets	-	-
Liabilities	3,543	4,292
Net defined benefit liability at end of year	**3,543**	**4,292**

Amounts recognised in the Statement of Financial Position	2022 £'000	2021 £'000
Present value of funded defined benefit obligations	2,468	2,222
Fair value of plan assets	(2,071)	(2,068)
	397	154
Present value of unfunded defined benefit obligation	3,128	4,138
Unrecognised past service cost	-	-
Total	**3,543**	**4,292**

Amounts recognised in the Income Statement	2022 £'000	2021 £'000
Current service cost	160	32
Interest cost	47	26
Expected return on plan assets	(127)	227
Total pension expense	**80**	**285**

Changes in the present value of the defined benefit obligation	2022 £'000	2021 £'000
Defined benefit obligation at beginning of year	4,292	3,593
Current service cost	160	32
Interest cost	47	26
Benefits paid	(317)	(220)
Remeasurements	(127)	227
Acquired in business combination	-	1,524
Remeasurements in OCI	(844)	-
Other significant events	249	-
Foreign exchange movement	83	(890)
Defined benefit obligation at end of year	**3,543**	**4,292**

Notes to the financial statements

Amounts recognised in the Statement of Changes in Equity	2022 £'000	2021 £'000
Prior year cumulative actuarial remeasurements	152	(75)
Remeasurements	(844)	227
Foreign exchange movement	54	-
Cumulative amount of actuarial gains and losses recognised in the Statement of recognised income / (expense)	**(638)**	**152**

Movements in the net liability/(asset) recognised in the Statement of Financial Position	2022 £'000	2021 £'000
Net liability in the balance sheet at beginning of year	4,292	3,593
Total expense recognised in the income statement	207	58
Contributions paid by the company	(317)	(220)
Amount recognised in the statement of recognised (income)/expense	(127)	227
Acquired in business combination	-	1,524
Remeasurements in OCI	(844)	-
Other significant events	249	-
Foreign exchange movement	83	(890)
Defined benefit obligation at end of year	**3,543**	**4,292**

Principal actuarial assumptions as at 31 December 2022	
Discount rate	2.77%
Future salary increases	2.56%
Future inflation	2.20%

Post-retirement benefits

The Group operates both defined benefit and defined contribution pension plans.

Pension plans in Belgium are of the defined benefit type because of the minimum promised return on contributions required by law. The liability or asset recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Income Statement. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

27. Financial Instruments by Category

Consolidated

Assets per Statement of Financial Performance	31 December 2022 Loans & receivables £'000	Total £'000
Trade and other receivables (excluding prepayments)	86,148	86,148
Cash and cash equivalents	68,623	68,623
	154,771	**154,771**

Liabilities per Statement of Financial Performance	At amortised cost £'000	Total £'000
Borrowings (excluding finance leases)	235,459	235,459
Finance lease liabilities	27,017	27,017
Trade and other payables (excluding non-financial liabilities)	145,495	145,495
	407,971	**407,971**

Consolidated

Assets per Statement of Financial Performance	31 December 2021 Loans & receivables £'000	Total £'000
Trade and other receivables (excluding prepayments)	69,656	69,656
Cash and cash equivalents	69,916	69,916
	139,572	**139,572**

Liabilities per Statement of Financial Performance	At amortised cost £'000	Total £'000
Borrowings (excluding finance leases)	205,312	205,312
Finance lease liabilities	28,611	28,611
Trade and other payables (excluding non-financial liabilities)	102,614	102,614
	336,537	**336,537**

Company

Assets per Statement of Financial Performance	31 December 2022 Loans & receivables £'000	Total £'000
Trade and other receivables (excluding prepayments)	2,810	2,810
Cash and cash equivalents	5,055	5,055
	7,865	**7,865**

Notes to the financial statements

Liabilities per Statement of Financial Performance	At amortised cost £'000	Total £'000
Borrowings (excluding finance leases)	226,342	226,342
Finance lease liabilities	99	99
Trade and other payables (excluding non-financial liabilities)	18,577	18,577
	245,018	**245,018**

Company

	31 December 2021	
Assets per Statement of Financial Performance	**Loans & receivables £'000**	**Total £'000**
Trade and other receivables (excluding prepayments)	2,544	2,544
Cash and cash equivalents	19,038	19,038
	21,582	**21,582**

Liabilities per Statement of Financial Performance	At amortised cost £'000	Total £'000
Borrowings (excluding finance leases)	199,937	199,937
Finance lease liabilities	233	233
Trade and other payables (excluding non-financial liabilities)	9,968	9,968
	210,138	**210,138**

28. Share Capital and Share Premium

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
Issued and fully paid				
As at 1 January 2021	**278,739,186**	**2,787**	**107,418**	**110,205**
Exercise of options & warrants – 27 April 2021	1,059,346	11	456	467
Exercise of warrants – 7 May 2021	78,044	1	19	20
Issue of new shares – 31 August 2021[1]	307,762,653	3,059	249,772	252,831
Issue of new shares – 31 August 2021	50,276,521	521	42,232	42,753
As at 31 December 2021	**637,915,750**	**6,379**	**399,897**	**406,276**
As at 1 January 2022	**637,915,750**	**6,379**	**399,897**	**406,276**
Exercise of options & warrants – 4 January 2022	330,594	4	125	129
As at 31 December 2022	**638,246,344**	**6,383**	**400,022**	**406,405**

[1] Includes issue costs of £8,748,365.

The authorised share capital consists of 702,070,978 ordinary shares at a par value of 1 penny.

On 4 January 2022, the Company issued and allotted 304,580 new Ordinary Shares at a price of 40 pence per share as an exercise of options. On this same day the Company issued and allotted 26,014. new Ordinary Shares at a price of 25 pence per share as an exercise of options.

29. Share Options

In 2021, the Company introduced a long term incentive plan ('LTIP') for senior management personnel. Shares are awarded in the Company and vest in 3 parts over the third, fourth and fifth anniversary to the extent the performance conditions are met.

Share options and warrants outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

			Options & Warrants	
			31 December 2022	31 December 2021
Grant date	**Expiry date**	**Exercise price in £ per share**	**#**	**#**
5 January 2017	30 December 2026	0.25	260,146	286,160
5 January 2017	30 December 2026	0.40	11,878,645	12,183,225
15 April 2019	15 April 2026	0.46	9,030,934	9,340,934
30 December 2019	30 December 2026	0.46	7,976,392	8,389,726
			29,146,117	**30,200,045**

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The Options issued on 5 January 2017 expiry date was extended from 5 January 2022 until 30 December 2026 on 15 December 2021.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2017 Options A	2017 Options B	2019 Options C	2019 Options D
Vested on	5/1/2017	5/1/2017	15/4	30/12
Revalued on	15/12/2021	15/12/2021	-	-
Life (years)	5	5	7	7
Share price	0.8295	0.8295	0.465	0.525
Risk free rate	0.40%	0.40%	0.31%	0.55%
Expected volatility	31.32%	31.32%	4.69%	8.19%
Expected dividend yield	-	-	-	-
Marketability discount	-	-	-	-
Total fair value	£58,345	£661,604	£419,130	£729,632

The risk-free rate of return is based on zero yield government bonds for a term consistent with the option life.

The volatility is calculated by dividing the standard deviation of the closing share price from the prior six months by the average of the closing share price from the prior six months.

2017 Options A and B were extended for another 5 years by the Board on 15 December 2021 and were revalued on this day.

A reconciliation of options and warrants and LTIP awards granted over the year to 31 December 2021 is shown below:

Notes to the financial statements

Options and warrants

	31 December 2022		31 December 2021	
		Weighted average exercise price £		Weighted average exercise price £
Outstanding at beginning of the year	30,200,045	0.45	25,416,105	0.42
Granted	-	-	-	-
Vested	-	-	5,921,330	0.46
Exercised	(1,053,927)	0.44	(1,137,390)	0.40
Outstanding as at year end	**29,146,117**	**0.44**	**30,200,045**	**0.45**
Exercisable at year end	**29,146,117**	**0.44**	**30,200,045**	**0.45**

LTIP awards

	31 December 2022		31 December 2021	
	#	Weighted average valuation price £	#	Weighted average valuation price £
Outstanding at beginning of the year	-	-	-	-
Granted	25,620,000	0.69	25,620,000	0.69
Vested	-	-	-	-
Exercised	-	-	-	-
Outstanding as at year end	**25,620,000**	**0.69**	**25,620,000**	**0.69**
Exercisable at year end	**-**	**-**	**-**	**-**

30. Other Reserves

	Group					
	Deferred shares £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Capital reserve £'000	Foreign currency translation reserve	Total £'000
As at 1 January 2021	**762**	**600**	**-**	**-**	**1,931**	**3,293**
Other comprehensive income	-	-	1,037	-	-	1,037
Currency translation differences	-	-	-	-	(15,566)	(15,566)
As at 31 December 2021	**762**	**600**	**1,037**	**-**	**(13,635)**	**(11,236)**
As at 1 January 2022	**762**	**600**	**1,037**	**-**	**(13,635)**	**(11,236)**
Other comprehensive income	-	-	3,634	-	-	3,634
Currency translation differences	-	-	-	-	17,176	17,176
Other equity adjustments	-	-	-	687	-	687
As at 31 December 2022	**762**	**600**	**4,671**	**687**	**3,541**	**10,261**

31. Non-controlling interests

	Group £'000
As at 1 January 2022	**10,894**
Shares issued to non-controlling interest	-
Acquired in business combination	974
Non-controlling interests share of profit in the period	2,343
Dividends paid	(3,038)
Foreign exchange movement	559
As at 31 December 2022	**11,732**

	31 December 2022		31 December 2021	
	Suomen Karbonaatti £'000	Other individually immaterial subsidiaries £'000	Suomen Karbonaatti £'000	Other individually immaterial subsidiaries £'000
Current assets	17,592	12,427	22,164	3,970
Non-current assets	3,348	19,605	4,430	13,166
Current liabilities	7,975	7,627	6,100	2,232
Non-current liabilities	5,767	4,361	9,011	885
Net Assets	**7,197**	**20,045**	**11,483**	**14,019**
Net Assets Attributable to NCI	**3,527**	**7,366**	**3,981**	**5,905**
Revenue	37,760	23,662	52,245	9,734
Profit after taxation	3,294	1,993	6,748	148
Other comprehensive income	-	-	-	-
Total comprehensive income	**3,294**	**1,993**	**6,748**	**148**
Net operating cash flow	4,196	1,556	7,326	1,596
Net investing cash flow	(679)	(2,782)	(603)	(2,170)
Net financing cash flow	(6,208)	1,701	(6,012)	(4,040)
Dividends paid to NCI	**3,038**	-	**601**	-

32. Earnings Per Share

The calculation of the total basic earnings per share of 4.89 pence (2021: (1.89) pence) is calculated by dividing the profit attributable to shareholders of £31,238 million (2021: loss of £6,971 million) by the weighted average number of ordinary shares of 638,243,627 (2021: 400,170,256) in issue during the period.

Diluted earnings per share of 4.68 pence (2021: (1.77) pence) is calculated by dividing the profit attributable to shareholders of £31,238 million (2021: loss of £6,971 million) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of share options and warrants to subscribe for ordinary shares in the Company, which together total 667,430,527 (2021: 427,854,251). The weighted average number of shares is the opening balance of ordinary shares plus the weighted average of 327,877 shares.

Details of share options that could potentially dilute earnings per share in future periods are disclosed in Note 29.

33. Fair Value of Financial Assets and Liabilities Measured at Amortised Costs

The following table shows the carrying amounts and fair values of the financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Items where the carrying amount equates to the fair value are categorised to three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the financial statements

	Carrying Amount						Fair value		
	Fair value – Hedging instruments £'000	Fair value through P&L £'000	Fair value through OCI £'000	Financial asset at amortised cost £'000	Other financial liabilities £'000	Total £'000	Level 1 £'000	Level 2 £'000	Total £'000
Forward exchange contracts	-	436	1,526	-	-	**1,962**	-	1,962	**1,962**
CO_2 emission hedge	-	-	-	-	-	**-**	-	-	**-**
Electricity hedges	-	-	13,493	-	-	**13,493**	13,493	-	**13,493**
Financials assets not measure at fair value									
Trade and other receivables (excl. Derivatives)	-	-	-	91,065	-	**91,065**	-	-	**-**
Cash and cash equivalents	-	-	-	68,623	-	**68,623**	-	-	**-**
Financial liabilities measured at fair value									
Forward exchange contracts	-	-	1,441	-	-	**1,441**	-	1,441	**1,441**
Electricity hedges	-	-	5,804	-	-	**5,804**	5,804	-	**5,804**
Financial liabilities not measured at fair value									
Loans	-	-	-	-	235,459	**235,459**	-	-	**-**
Finance lease liability	-	-	-	-	27,017	**27,017**	-	-	**-**
Trade and other payables (excl. derivative)	-	-	-	-	145,495	**145,495**	-	-	**-**

34. Business Combinations

Johnston Quarry Group

On 31 January 2022, the Group acquired 100%. of the share capital of Johnston Quarry Group Limited ('JQG') for a cash consideration of £35.5 million (being £35.5 million less adjustments for various obligations assumed by the Group as part of the acquisition). JQG is registered and incorporated in England. JQG is a high-quality producer of construction aggregates, building stone and agricultural lime.

The following table summarises the consideration paid for JQG and the values of the assets and equity assumed at the acquisition date.

Total consideration	**£'000**
Cash consideration	42,046
Repayment of loan	(6,996)
Deferred consideration	8,500
	43,550

Recognised amounts of assets and liabilities acquired	**£'000**
Cash and cash equivalents	1,587
Trade and other receivables	2,160
Inventories	881
Property, plant & equipment	16,896
Trade and other payables	(5,840)
Borrowings	(10,795)
Provisions	(325)
Income tax payable	(350)
Deferred tax liability	(826)
Total identifiable net assets	**3,388**
Goodwill	**40,162**
Total consideration	**43,550**

Since 31 January 2022 JQG has contributed a profit of £4.5 million and revenue of £16.5 million. Had JQG been consolidated from 1 January 2022, the consolidated statement of income would show additional profit of £11,000 and revenue of £1.2 million.

RightCast Limited

On 27 April 2022, the Group acquired 100%. of the share capital of RightCast Limited ('RightCast') and its subsidiaries for a cash consideration of £2.55 million. RightCast is registered and incorporated in England. RightCast is a precast company specialising in the design, manufacture, supply and installation of bespoke precast concrete products.

The following table summarises the consideration paid for RightCast and the values of the assets and equity assumed at the acquisition date.

Total consideration	**£'000**
Initial Cash	2,550
Working capital adjustment	297
Cash acquired and repatriated to vendors	690
Deferred consideration	450
	3,987

Recognised amounts of assets and liabilities acquired	**£'000**
Cash and cash equivalents	315
Trade and other receivables	1,153
Inventories	462
Property, plant & equipment	75
Trade and other payables	(474)
Income tax payable	(57)
Deferred tax liability	(19)
Total identifiable net assets	**1,455**
Goodwill (refer to Note 17)	**2,532**
Total consideration	**3,987**

Since 27 April 2022 RightCast has contributed a profit of £0.5 million and revenue of £2.8 million. Had RightCast been consolidated from 1 January 2022, the consolidated statement of income would show additional profit of £0.1 million and revenue of £0.9 million.

Notes to the financial statements

La Belonga

On 31 July 2022, the Group acquired 65 per cent of the share capital of La Belonga with the remaining 35 per cent acquired by CdB. for a cash consideration of €2.2 million. La Belonga is registered and incorporated in Spain. La Belonga is a high-quality producer of limestone.

The following table summarises the consideration paid for La Belonga and the values of the assets and equity assumed at the acquisition date.

Total consideration	**£'000**
Net cash consideration	1,919
Deferred consideration	1,129
	3,048

Recognised amounts of assets and liabilities acquired	**£'000**
Cash and cash equivalents	127
Trade and other receivables	2,253
Investments	46
Inventories	619
Deferred tax asset	7
Property, plant & equipment	4,740
Intangible assets	23
Trade and other payables	(1,500)
Borrowings	(3,374)
Provisions	(220)
Total identifiable net assets	**2,721**
Goodwill	**327**
Total consideration	**3,048**

Since 31 July 2022 La Belonga has contributed a profit of £0.1 million and revenue of £1.3 million. Had La Belonga been consolidated from 1 January 2022, the consolidated statement of income would show additional profit of £19,000 and revenue of £3.2 million.

35. Contingencies

The Group is not aware of any material personal injury or damage claims open against the Group.

36. Related party transactions

Loans with Group Undertakings

Amounts receivable/(payable) as a result of loans granted to/(from) subsidiary undertakings are as follows:

	Company	
	31 December 2022 £'000	**31 December 2021 £'000**
Ronez Limited	(22,764)	(18,328)
SigmaGsy Limited	(7,663)	(5,705)
SigmaFin Limited	20,549	20,146
Topcrete Limited	(10,346)	(9,494)
Poundfield Products (Group) Limited	5,356	5,501
Foelfach Stone Limited	557	466
CCP Building Products Limited	4,586	5,647
Carrières du Hainaut SCA	14,948	18,251
GDH (Holdings) Limited	10,035	9,588
B-Mix Beton NV	8,013	1,295
Stone Holdings SA	384	376
Nordkalk Oy Ab	70,196	91,367
Johnston Quarry Group	7,747	-
RightCast Limited	(799)	-
	100,799	**119,110**

Loans granted to or from subsidiaries are unsecured, have interest charged at 2% and are repayable in Pounds Sterling on demand from the Company.

All intra Group transactions are eliminated on consolidation.

37. Ultimate Controlling Party

The Directors believe there is no ultimate controlling party.

38. Events After the Reporting Date

On 28 February 2023 the Company raised gross proceeds of approximately £30 million through the issue of 55,555,555 new Ordinary Shares at a price of 54 pence per share.

On 10 March, the Company announced the completion of the Goijens and the Juuan Dolomitik acquisitions for an aggregate consideration of £12 million. Goijens operates two concrete plants and concrete recycling facilities, as well as pumping and other services and Juuan Dolomitik, a specialist supplier of high-quality dolomitic limestone. They will be immediately enhancing to the Group's underlying earnings, and the acquisitions were funded from the net cash proceeds generated by the Group's equity fundraising in February 2023.

No further financial information on these transactions is available at this time, due to the proximity of the acquisitions to the reporting date of these financial statements.

Notes to the financial statements

39. Prior year restatement

As part of previously made acquisitions, a PPA exercise was performed to split out separately identifiable assets from acquired goodwill. On completion of this exercise, the deferred tax impact on the fair value uplift of the assets identified during the PPA was not correctly reflected in line with IAS 12. As a result, a prior year adjustment is required which results in an increase to the Group's deferred tax liability of £12,527,074 with acquired goodwill increasing by the same amount. There are no changes to the prior period income statement, statement of comprehensive income, statement of changes in equity or the statement of cash flows.

The impact of the prior year restatement in respect of the classification of the investments held are as follows:

	2021 As presented £'000	Restatement £'000	2021 As restated £'000
Non-current assets			
Intangible assets	306,436	12,527	318,963
Non-current liabilities			
Deferred tax liability	5,190	12,527	17,717
Net assets	411,154	-	411,154

Company information

Directors

David Barrett (Executive Chairman)

Max Vermorken (Chief Executive Officer)

Garth Palmer (Chief Financial Officer)

Tim Hall (Non-Executive Director)

Simon Chisholm (Non-Executive Director)

Jacques Emsens (Non-Executive Director)

Axelle Henry (Non-Executive Director) – Appointed on 26 April 2022

Company Secretary

Julie Kuenzel

Registered Office

6 Heddon Street
London
W1B 4BT

Company Number

05204176

Bankers

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Nominated & Financial Adviser

Liberum Capital Limited
25 Ropemaker Street
London
EC2Y 9LY

Joint Brokers

Liberum Capital Limited
25 Ropemaker Street
London
EC2Y 9LY

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

Independent Auditor

PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

Solicitors

Fieldfisher LLP
Riverbank House
2 Swan Lane
London
EC4R 3TT

Registrars

Link Market Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Definitions

'2018 Regulations'
the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 that came into force on 1 April 2019

'4i'
the Group's four core operating principles, being Invest, Improve, Integrate and Innovate

'Accounts' or 'Annual Report'
the consolidated financial statements of the Group for the year ended 31 December 2022 together with the Chairman's Statement, CEO's Strategic Report, Directors' Report and additional reports contained therein

'Adjusted Leverage Ratio'
the comparison of net debt to Underlying EBITDA for the last twelve months adjusted for pre-acquisition earnings of subsidiaries acquired during the year

'AGM'
an annual general meeting of the Company

'AIM'
AIM Market of the London Stock Exchange

'Allen' or 'Allen Concrete'
Topcrete Limited and its subsidiary undertakings, including Allen (Concrete) Limited

'Aqualung'
Aqualung Carbon Capture AS

'ArcelorMittal'
ArcelorMittal Global Holdings S.L.R.

'Articles'
the Company's Articles of Association

'B-Mix'
collectively, B-Mix Beton NV, J&G Overslag en Kraanbedrijf BV and Top Pomping NV

'Baltics Aggregates'
Baltic Aggregates Oy, a subsidiary of the Group registered in Finland and focused on aggregate exports from Finland to the Baltic states

'Baltics Platform'
the Group's limestone and dolomite operations, and part of Nordkalk, covering the Baltic states markets and including Baltic Aggregates

'Benelux' or 'Benelux Platform'
the Group's construction materials platform covering the Benelux market including GduH, B-Mix and Stone

'Bluestone'
Belgian Blue Limestone local to the Hainaut region

'Board' or 'Directors'
the board directors of the Company, being the existing Directors (whose names are set out on page 122 of this document), proposed Directors or both, as the context may require

'Bow Tie'
visual tool to keep an overview of risk management practices

'bps'
basis points, whereby one basis point is equivalent to 0.01%

'CapEx'
capital expenditure on property, plant and equipment

'Carrieres du Haintaut' or 'CDH'
CDH Développement SA and its subsidiary undertakings, including Carrières du Hainaut SCA

'Casters'
Casters Beton NV

'CCR'
cash conversion ratio, an indicator that measures the Group's ability to convert profits into available cash, calculated as net cash inflows/(outflows) from operating activities divided by Underlying EBITDA

'CCUS'
carbon capture utilisation or sequestration

'CdB'
Carrières du Boulonnais which is part of Groupe Boulonnais

'CEO'
Chief Executive Officer of the Company occupied by Max Vermorken

'CFO'
Chief Financial Officer of the Company occupied by Garth Palmer

'Channel Islands' or 'Channel Islands Platform'
the Group's construction materials platform covering the Channel Islands market including Ronez and SigmaGsy

'Cheshire Concrete Products' or 'CCP'
CCP Building Products Limited and its subsidiary undertakings

'CO_2'
carbon dioxide

'CO_2e
carbon dioxide emitted

'Company' or 'SigmaRoc'
SigmaRoc plc

'Coronavirus', 'COVID' or 'COVID-19'
coronavirus (COVID-19) infectious disease and its pandemic outbreak

'Cuvelier'
Philippe Cuvelier S.A

'Dimension Stone' or 'Dimension Stone Platform'
the Group's dimension stone platform based in Belgium consisting of CDH

'EBITDA'
earnings before interest, tax, depreciation and amortisation

'eCO_2'
embodied CO_2

'EMS'
environmental management system

'England' or 'England Platform'
the Group's construction materials platform covering the English market currently comprising of Johnston

'EPD'
environmental product declaration

'EPS'
earnings per share

'ESG'
environment, social and governance

'EUETS'
European Union Emissions Trading System

'EURIBOR'
the Euro Interbank Offered Rate is an overnight interbank rate comprised of the average interest rates from a panel of large European banks that are used for lending to one another in euros

'euros', 'EUR' or '€'
the currency unit of the European Monetary Union

'FCF' or 'Free Cash Flow'
net cash flows from operating activities adjusted for Maintenance CapEx, net interest paid, and net non-underlying expenses paid

'FD'
Financial Director of a business, platform or region

'Financial Statements'
the consolidated income statement, consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, Company statement of changes in equity, cash flow statements and the accompanying notes to the financial statements

'FLT'
fork-lift truck

'Foelfach'
Foelfach Stone Limited

'FTSE Russell'
subsidiary of London Stock Exchange Group that produces, maintains, licenses, and markets stock market indices

'GduH' or 'Granulats du Hainaut'
Granulats du Hainaut SA

'GGBS'
ground-granulated blast-furnace slag

'GHG'
greenhouse gas

'Goijens'
Gripeco BV and its 100% owned subsidiaries Wegenbouw Goijens NV, Goijens Recycling NV and G&G Bentonpompen BV, a Belgian group of companies acquired by the Group in 2023 and which supplies ready-mixed concrete and pumping solutions in the north east of Belgium

'Greenbloc'
the Group's cement free ultra-low carbon precast product range

'Group'
the Company and its subsidiary undertakings

'Groupe Boulonnais'
Groupe Carrières du Boulonnais

'Group Revenue'
consolidated revenue of the Group for the year ended 31 December 2022

'Growth CapEx'
investment to acquire or upgrade assets that enable the Group to expand its operations or improve its efficiency to generate future earnings growth

'Harries'
GDH (Holdings) Limited and its subsidiary undertakings including Gerald D. Harries & Sons Limited

'HSEQ'
health, safety, environment and quality

'H&S'
health & safety

'IAS'
International Accounting Standards

'IASB'
International Accounting Standards Board

'IFRS'
International Financial Reporting Standards

'IFRSIC'
IFRS Interpretations Committee

'IOSH'
Institution of Occupational Safety and Health

'ISO'
International Organisation for Standardisation

'ISO 14001'
international standard that specifies requirements for an effective EMS, provides a framework that an organisation can follow, rather than establishing environmental performance requirements

'ISO 45001'
standard for management systems of occupational health and safety focused on reduction of occupational injuries and diseases, including promoting and protecting physical and mental health

'JD' or 'Juuan Dolomitik'
Juuan Dolomiittikalkki Oy, a Finnish company acquired by the Group in 2023 which supplies high quality dolomitic limestone to agricultural and environmental industries

'JQG', 'Johnston' or 'Johnston Quarry Group'
Johnston Quarry Group Limited, Guiting Quarry Limited and its subsidiary undertakings

'JV'
joint venture

Definitions

'kge'
kilogram equivalent

'kWh'
kilowatt-hour

'La Belonga'
La Belonga S.A.

'Leverage Ratio'
the same as Adjusted Leverage Ratio, but excluding IFRS 16 related lease liabilities from net debt

'LFL'
like-for-like comparative prepared on a pro-forma basis adjusted for impact of any acquisitions or non-recurring events

'Link'
Link Market Services Limited who acts as the Company's registrar

'LTIFR'
lost time injury frequency rate

'LTIP' or 'Long Term Incentive Plan'
the initial awards made under the PSP in October 2021 to executive directors and certain senior management

'M&A'
mergers & acquisitions

'Maintenance CapEx'
investment made to maintain and preserve the operational efficiency of existing assets, to ensure they are kept in good working condition and can continue to generate the expected level of revenue and profits for the Group

'Marshalls'
Marshalls plc, UK's leading hard landscaping and building materials supplier

'MD'
Managing Director of a business, platform or region

'NED'
Non-Executive Director

'NEBOSH'
the National Examination Board in Occupational Safety and Health

'Net Margin'
EBITDA margin adjusted for impact of inflationary cost pass-throughs, such as energy, materials and distribution

'NMWTRA'
the North and Mid Wales Trunk Road Agent, being one of two trunk road agents in Wales and responsible for managing motorways and trunk roads in North and Mid Wales on behalf of the Welsh Government

'Nordics Platform'
the Group's limestone, carbonate and specialty products business, which forms part of Nordkalk, and addresses Finnish and Swedish markets

'Nordkalk'
the Nordkalk group, consisting of Nordkalk Oy Ab and its subsidiary undertakings

North East' or 'North East Region'
the North East region of the Group comprising of Nordkalk

'North West' or 'North West Region'
The North West region of the Group comprising PPG, England, Wales and the Channel Islands

'NOx'
nitrogen oxides

'Ordinary Shares'
the ordinary shares of 1 penny each in the capital of the Company

'OpEx'
operating expenditure

'PERC'
Pan European Reserves & Resources Reporting Committee, where possible we follow PERC guidelines when reporting Reserves and Resources

'PFA'
pulverised fuel ash

'pH'
scale used to specify acidity or alkalinity

'PKF'
PKF Littlejohn LLP

'Poland Platform'
the Group's limestone and carbonate operations in Poland, which is part of Nordkalk, and also includes relatively small operations in Turkey and prospective mineral permits in Ukraine

'Poundfield' or 'Poundfield Products'
Poundfield Products (Group) Limited and its subsidiary undertakings, including Poundfield Products Limited

'PPA'
purchase price allocation

'PPG' or 'PPG Platform'
the Group's precast concrete products platform covering the UK market including Allen, Poundfield and CCP

'ppt'
percentage points

'pro-forma'
financial information presented on a like-for-like basis adjusting for impact of any acquisitions and non-recurring events

'PSP' or 'Performance Share Plan'
performance based long term share incentive plan

'QCA Code'
Quoted Companies Alliance's Corporate Governance Code

'Quicklime Platform'
the Group's industrial focused quicklime platform, which forms part of Nordkalk, and owns & operates kilns in Finland, Sweden and Estonia, has JV companies that operate kilns in Sweden and Norway, and manages customer owned kilns in Finland and Germany

'RCF'
revolving credit facility

'Reserves'
mineral that has a high level of geological knowledge and confidence, is economically mineable, and includes modifying factors such as having permits and regulatory approvals in place

'Resources'
mineral that has a level of geological knowledge and confidence and that there are reasonable prospects for eventual economic extraction

'RMI'
repair, maintenance and improvement

'RNS'
Regulatory News Service

'ROIC'
return on invested capital, a measure of the profitability and value-creating potential of companies relative to the amount of capital invested by shareholders and other debtholders

'Ronez'
Ronez Limited and its subsidiary undertakings

'Santander'
Santander plc

'SASB'
sustainability accounting standards board

'SBTi'
Science Based Targets initiative

'SECR'
streamlined energy and carbon reporting

'Shareholder'
a holder of Ordinary Shares

'SigmaGsy'
SigmaGsy Limited

'SIP'
share incentive plan

'SKOY'
Suomen Karbonaatti Oy, a joint venture company between Nordkalk (51%.) and Omya Oy (49%.), a subsidiary of Switzerland-based industrial minerals company Omya

'SONIA'
Sterling Overnight Index Average, average of the interest rates that banks pay to borrow Sterling overnight from other financial institutions and other institutional investors

'SOx'
sulphur oxides

'SPPI'
the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest

'Sterling', 'GBP' or '£"
pound sterling currency of the UK and Channel Islands

'Stone' or 'Stone Holdings'
Stone Holdings S.A and its subsidiary Cuvelier

'SWTRA'
the South Wales Trunk Road Agent, being one of two trunk road agents in Wales and responsible for managing motorways and trunk roads in South Wales on behalf of the Welsh Government

'TCFD'
task force on climate-related financial disclosures

'tCO_2e'
tonnes of carbon dioxide equivalent

'TIFR'
total incident frequency rate

'TSR'
total shareholder returns

'UK'
United Kingdom

'UK IAS'
UK-adopted international accounting standards, which includes IAS, IFRS, IFRSIC, and subsequent amendments to those standards and related interpretations, plus future standards and related interpretations issued or adopted by the IASB

'Underlying'*
Underlying results are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense. References to an underlying profit measure throughout this Annual Report are defined on this basis

'UPM'
UPM-Kymmene Oyj a Finnish forest industry company

'USA'
United States of America

'Wales' or 'Wales Platform'
the Group's construction materials platform covering the Southern Welsh market including Harries and Foelfach

'West' or 'West Region'
the West region of the Group including Dimension Stone and Benelux

'YoY'
year-on-year

* these measures are not defined by UK IAS and therefore may not be directly comparable to similar measures adopted by other companies. These alternative performance measures should be considered in addition to and are not intended to be a substitute for, or superior to, UK IAS measures but provide useful information on the performance of the Group and underlying trends.

Sigma Roc

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100%
FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C022913

WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP00019082504183028